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ABSTRACT

As one in a series of test item collections developed by the Assessment and Evaluation Unit of the Directorate of Studies, items of value from past tests are made available to teachers for the construction of unit tests, term examinations or as a basis for class discussion. Each collection was reviewed for content validity and reliability. The test items meet syllabus content and aims best suited to multiple choice questions, but teachers are meant to base the use of the test items on student ability and the particular program objectives. The second volume of commerce test items includes sections on government; labor; personal, business and bank records, and trade methods and activities. Answer keys and test construction guidelines are provided. Tables, diagrams and drawings illustrate many test items. (CM)

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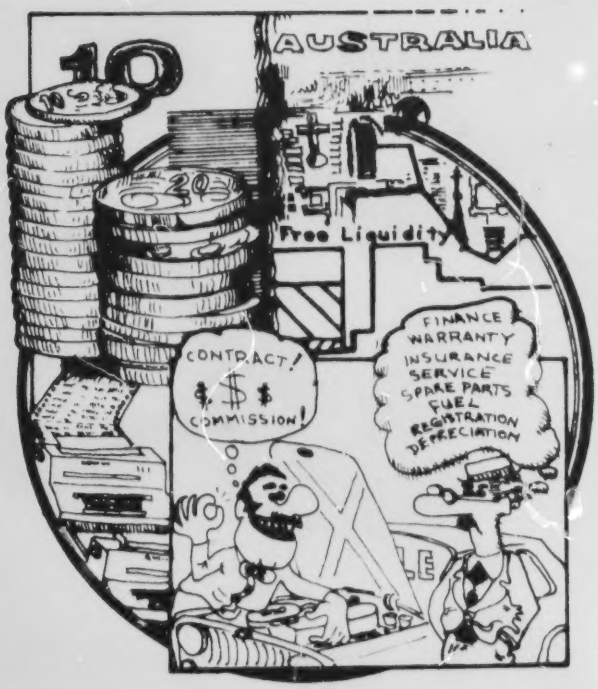
COMMERCE

LIBRARY OF TEST ITEMS



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TM 820 291

VOLUME TWO

COMMERCE LIBRARY OF TEST ITEMS

C O N T E N T S

VOLUME I

(A) PREFACE

(1) Introduction
(2) Using the Library of Test Items
(3) Practical Aspects of Test Preparation

(B) BUSINESS

(C) CONSUMERS

(D) FINANCE

VOLUME II

(E) GOVERNMENT

(F) LABOUR

(G) RECORDS

(H) TRADE

FIRST PRINTED JUNE 1978
REPRINTED JULY 1979

P R E F A C E

(a) INTRODUCTION

This collection of multiple choice test items is intended as a resource to assist teachers to implement and evaluate courses in the junior secondary school.

(b) USING THE COLLECTION

Items in this collection may be reproduced for classroom use in any form desired by the teacher. To facilitate the preparation of printing masters particular attention has been given to both the diagrams and the layout of the items.

To assist the teacher, the items have been classified according to the broad content areas of:

"B" Business
"C" Consumers
"F" Finance
"G" Government
"L" Labour
"R" Records
"T" Trade

The keys (or correct option), are provided at the end of each section.

The order, groupings or sub-groupings of questions are not designed to reflect any suggested order of treatment but rather to facilitate the publishing of the questions. The numbers allocated to items are intended only to identify the items.

It will become evident that it has been impossible to locate all questions in small watertight compartments. Questions on a particular concept or area of content may be found in more than one area.

It is suggested that items might be used for the following purposes:

1. As a source of items for short unit tests.

2. As a source of items for term tests.

3. As a source of ideas for in-school item construction.

4. As a basis for class discussions (it should be noted that stimulus material was NOT designed for use with the overhead projector. The letter size used in typing items would not be legible at more than 4 metres from the screen in an average classroom).

It should be noted that some areas of syllabus content and some syllabus aims are better suited to testing with multiple choice items than others. Consequently, this collection is unlikely to be balanced in its coverage. In addition, the inclusion of an item is not intended to imply that a particular piece of content or teaching strategy has a place in the curriculum. The final selection must lie with the teacher in the classroom who knows the interests and abilities of his students and the aims and objectives of the programme.

The exclusive use of multiple choice items in this volume is aimed at providing a service for teachers in an area where many experience difficulty in test construction. This volume is not meant to encourage teachers to use multiple choice items alone. It is expected that teachers should give some thought to including a variety of test item forms (such as restricted free response, extended free response, matching form) in a testing situation.

(c) PRACTICAL ASPECTS OF TEST PREPARATION

Two copies, punched for ring-binding, are being sent to each school - one for cutting up to produce "printing masters", and another to be left intact as a master file. If the cut-up items are used carefully and stored suitable, they should be able to be used many times for making printing masters. (See "Preparation of Printing Masters"). It is suggested that large envelopes be bound into the ring-binder to store cut-up items.

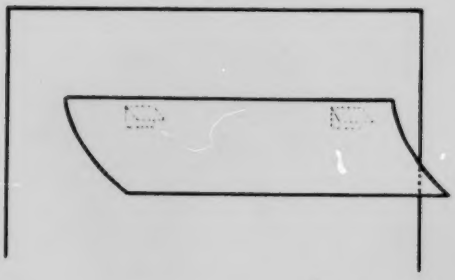
Preparation of Printing Masters

This method is recommended as it allows the prepared master to pass through a typewriter for the addition of page and question numbers etc., and prevents the electric scanner "reading" sticky tape patches and top edges of cut items.

1. Cut out items carefully. Always cut *very close to* and *below* the lines which separate questions.

2. Type your test heading on a blank page.

3. Fix question 1 in position, "stamp-hinge" style:



4. Slide the top edge on Q.2 under the bottom edge of Q.1, and position Q.2 correctly.

5. Holding Q.2 in position, lift the bottom edge of Q.1 and tape Q.2 in position, so that when Q.1 is allowed to sit flat again, it completely covers the tape used to hold Q.2. Q.2 should be fastened by its top edge only.

6. Stick Q.3 in place as described for Q.2 in (4) and (5) above.

7. Number all questions (gaps have been left in the instructions for a set of questions for the inclusion of your question numbers e.g. questions to (G93 to G96) are based on the graph below.

ACKNOWLEDGEMENTS:

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SYDNEY N.S.W. 2001

GOVERNMENT

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GOVERNMENT

Question No.	Answer	Question No.	Answer
G1	3	G41	2
G2	1	G42	3
G3	1	G43	3
G4	1	G44	4
G5	3	G45	2
G6	1	G46	4
G7	3	G47	1
G8	3	G48	1
G9	3	G49	4
G10	2	G50	4
G11	4	G51	4
G12	2	G52	3
G13	4	G53	3
G14	3	G54	1
G15	3	G55	1
G16	2	G56	3
G17	2	G57	2
G18	3	G58	3
G19	1	G59	3
G20	2	G60	4
G21	2	G61	1
G22	2	G62	4
G23	3	G63	3
G24	1	G64	1
G25	3	G65	3
G26	3	G66	3
G27	3	G67	2
G28	3	G68	4
G29	4	G69	3
G30	1	G70	2
G31	3	G71	1
G32	2	G72	3
G33	2	G73	2
G34	2	G74	1
G35	2	G75	1
G36	2	G76	2
G37	2	G77	1
G38	3	G78	1
G39	4	G79	3
G40	3	G80	2

GOVERNMENT

Question No.	Answer	Question No.	Answer
G81	1	G116	2
G82	3	G117	3
G83	3	G118	1
G84	2	G119	1
G85	1	G120	1
G86	2	G121	4
G87	1	G122	3
G88	3	G123	2
G89	1	G124	2
G90	3	G125	3
G91	4	G126	4
G92	1	G127	3
G93	3	G128	4
G94	3	G129	2
G95	3	G130	4
G96	3	G131	2
G97	3	G132	4
G98	2	G133	2
G99	1	G134	3
G100	3	G135	1
G101	3	G136	1
G102	4	G137	2
G103	4	G138	3
G104	2	G139	4
G105	4	G140	2
G106	4	G141	3
G107	4	G142	1
G108	1	G143	4
G109	2	G144	4
G110	2	G145	3
G111	1	G146	2
G112	2	G147	3
G113	1	G148	2
G114	4	G149	4
G115	3		

Local Government is responsible for

1. schools, hospitals, churches.
2. libraries, schools, sanitation services.
3. libraries, minor road works, sanitation services.
4. schools, minor road works, churches.

G1

Which group does Local Government regulate?

1. baby health centres, building regulations, footpaths, kerbing and guttering.
2. highways, swimming pools, kerbing and guttering, libraries.
3. baby health centres, ambulances, street lighting, parking.
4. playing fields, garbage collection, footpaths, public transport.

G2

Local Councils are responsible for

1. garbage disposal and baby health care.
2. hospitals and schools.
3. the police force and law courts.
4. postal service and road construction.

G3

A Shire Council is an example of a

1. local government body.
2. state government body.
3. federal government body.
4. semi-government body.

G4

The <u>main</u> objective of the Commonwealth Government is to

1. collect income tax.
2. maintain a wages and prices freeze.
3. promote the well being of the economy.
4. develop Australia's mineral resources.

G5

In modern economic systems, most consumers satisfy their wants by

1. selling their factors of production.
2. producing the goods they want.
3. paying income tax.
4. receiving welfare payments.

G6

An economic system where the methods of production are those followed by their forefathers, would be an example of a

1. mixed economy.
2. planned economy.
3. traditional economy.
4. developing economy.

G7

An example of a traditional economy would most likely occur in

1. Russia.
2. Japan.
3. New Guinea Highlands.
4. Western New South Wales.

G8

Collective wants are usually satisfied by

1. co-operative societies.
2. private enterprise.
3. government expenditure.
4. charity organisations.

G9

When new capital goods are created this is called

1. saving.
2. investment.
3. interest.
4. finance.

G10

Social Service Payments such as Age Pensions are made by the

1. Local Government.
2. State Government.
3. State Superannuation Board.
4. Commonwealth Government.

G11

The Means Test is applied to applications for

1. driving licences.
2. age pensions.
3. repatriation benefits.
4. Australian citizenship.

G12

The amount of unemployment benefit to which a person is entitled is dependent upon his

1. previous income.
2. educational qualifications.
3. place of residence.
4. marital status.

G13

An example of welfare payment made by the Commonwealth Government is

1. depreciation allowance.
2. superphosphate subsidy.
3. invalid pension.
4. worker's compensation.

G14

When a person's application for a Social Service payment is rejected because of the Means Test it indicates that

1. he has not yet reached retiring age.
2. he has not been a resident of Australia for a certain period.
3. his family's earnings or assets are above a prescribed level.
4. his family have not met the health requirements.

G15

An example of a social service payment is

1. gift duty.
2. an unemployment benefit.
3. a subsidy.
4. health insurance refund.

G16

Permission for the building of a home would be obtained from the

1. Australian Builder's Federation.
2. local council.
3. Housing Commission.
4. Master Builders Association.

G17

Registration of a car will not be granted unless

1. Third Party Property Insurance has been effected.
2. the driver's licence has been renewed.
3. an inspection certificate has been issued by an authorised inspection station.
4. a road-worthy test has been carried out by a motor registry office.

G18

One of the factors determining the cost of registration of a motor car is the

1. weight of the vehicle.
2. cost of the vehicle.
3. cost of the insurance.
4. age of the driver.

G19

An organisation concerned with recommendations to the Federal Government on providing protection to Australian industry is the

1. Industrial Acceptance Corporation.
2. Industries Assistance Commission.
3. Consumer Affairs Bureau.
4. Restrictive Trade Practices Commission.

G20

Complete government control over the operations of the Australian Iron and Steel industry would be an example of

1. a merger.
2. nationalisation.
3. vertical integration.
4. horizontal integration.

G21

Consumer spending would be reduced by

1. an increase in net income.
2. an increase in sales tax.
3. a decrease in income taxation.
4. a decrease in people who are unemployed.

G22

A Shire Council's major source of funds would be

1. income tax.
2. indirect taxes.
3. rate collection.
4. fines and subscriptions.

G23

Council rates are levied on

1. unimproved capital value of land.
2. improved capital value of land.
3. unimproved capital value of land and buildings.
4. improved capital value of land and buildings.

G24

The basis for council rate calculation is

1. taxable income.
2. improved capital value.
3. unimproved capital value.
4. assessed annual income.

G25

Questions to (G26 to G29) refer to the article shown below.

Widely divergent rating policies are causing differences of millions of dollars to Sydney Councils.

Parramatta City Council and Bankstown Municipal Council, for instance, have similar valuations.

The unimproved capital value is the very basis of the rating system - but Bankstown this year will end up receiving - and spending - almost twice as much as its older sister.

Parramatta levied a rate of 1.2 cents in the $, which raised $9.1 million.

Bankstown slugged ratepayers 1.67 cents in the dollar to collect $13.2 million.

Bankstown, which put its rates up 14.9 per cent in 1975, which in turn were 19.5 per cent up on the previous year, also has borrowed $11.3 million.

Councils have a variety of weapons to extract rates from its residents.

Ultimately, a council can - and has - sold off the property to recover unpaid rates.

But despite this doomsday threat, angry ratepayers throughout N.S.W. are planning a massive rebellion this year.

The N.S.W. Ratepayers' Association is about to launch a campaign which they hope will result in 50 per cent of ratepayers holding back on payments.

"Many people in the country with land valued at $500 are paying $100 a year rates -for absolutely no services.

by ALAN FARRELLY; Condensed from the Sun.

Rates are calculated according to the

1. family's income.
2. value of the house.
3. unimproved value of the land.
4. value of the house and land.

G26

The Bankstown Council was able to raise more revenue than the Parramatta City Council because

1. people in Bankstown earn more income than people in Parramatta.
2. there are more people in Bankstown than in Parramatta.
3. the rate levied in Bankstown was higher than the rate levied in Parramatta.
4. the value of houses in Bankstown was higher than the corresponding values in Parramatta.

G27

Rates are paid by <u>all</u> local

1. income earners.
2. residents.
3. land owners.
4. businessmen.

G28

When rates are not paid over a long period the council may, as a last resort

1. fine the ratepayer.
2. take the ratepayer to court.
3. increase the ratepayers unimproved capital value.
4. sell the ratepayers property.

G29

A tax which is collected by the N.S.W. Government is

1. payroll tax.
2. sales tax.
3. excise tax.
4. company tax.

G30

The level of Government in Australia which receives the least income is

1. regional.
2. state.
3. local.
4. federal.

G31

Questions and (G32 and G33) are based on the information shown below.

TALKS ON FLAT TAX RATE START

The Federal Government is already investigating a scheme for a flat rate of income tax.

Mr. Anthony has canvassed the introduction of a flat rate of income tax, perhaps 20¢ in the dollar, on all incomes over a certain level.

This would replace the progressive system of taxation under which people who earn more money pay more tax - to the extent that it is hardly worth striving to earn more. The system punishes rather than rewards extra effort.

Probably the most certain fact about Australia's economy is that productivity must be increased. The next most certain point is that people need incentives to earn more - and there are few incentives now.

Radical taxation reform is long overdue. Indexation does not go far enough. Mr. Anthony's way could be a real starting point. So, let's hear what Mr. Fraser thinks. Let's hear it from Mr. Lynch. Let's hear it from the Treasury. Let everyone concerned examine the proposal, urgently.

The flat rate of income tax described above means

1. the lower the income, the lower the rate of tax.
2. all incomes over a set amount would pay the same rate of tax.
3. the higher the income, the higher the rate of tax.
4. higher productivity would mean higher tax rates.

G32

Income distribution would be made more equal by the

1. flat rate of tax proposal.
2. progressive tax system.
3. increased productivity resulting from the flat tax.
4. increasing of all indirect taxes.

G33

Payroll tax is paid by

1. some employees.
2. some employers.
3. all employees.
4. all employers.

G34

Motor vehicle registration directly provides revenue for the

1. N.R.M.A.
2. State Government.
3. Australian Government.
4. Local Council.

G35

The Premiers' Conference is a meeting of the Premiers of all states and

1. the A.C.T.U.
2. Federal Government representatives.
3. Local Government representatives.
4. representatives from the territories.

G36

Special Grants are paid to a state

1. because the Federal Government finds itself with a surplus of grant funds.
2. for special construction projects undertaken by the states.
3. when a state government raises funds overseas.
4. if the state agrees to finance a project which the Federal Government has recommended.

G37

In Australia the level of government to which income tax is paid is

1. Local.
2. State.
3. Federal.
4. both State and Local.

G38

Income tax is levied by the

1. State Government
2. Reserve Bank.
3. employer.
4. Federal Government.

G39

Income tax is paid to the

1. State Government.
2. Local Government.
3. Federal Government.
4. Reserve Bank.

G40

The main form of income to Australia's Government is

1. sales tax.
2. personal income tax.
3. tariff revenue.
4. company tax.

G41

The largest source of the Australian Government's revenue is

1. customs duty on imports.
2. defence and education.
3. income tax.
4. company tax.

G42

The most important source of revenue for the Commonwealth Government is

1. land tax.
2. company tax.
3. personal income tax.
4. excise duties.

G43

The personal income taxation system in Australia

1. increases a person's take-home-pay.
2. is levied on companies.
3. is levied at the same rate on all incomes.
4. tends to reduce inequality of incomes.

G44

The direct effect of an allowable tax deduction is to

1. reduce gross income.
2. reduce taxable income.
3. increase the amount of tax payable.
4. increase the taxable income.

G45

A tax rate which increases as income increases is

1. regressive.
2. indirect.
3. proportional.
4. progressive.

G46

The taxing of high income earners at a greater rate than lower income earners is known as

1. progressive taxation.
2. regressive taxation.
3. proportional taxation.
4. provisional taxation.

G47

A progressive income tax system means that

1. as income rises, the rate of tax increases at a faster rate.
2. all people in the same occupation pay the same tax.
3. the same rate of tax is paid irrespective of income.
4. the rate of tax increases in proportion to inflation.

G48

The Australian system of income tax can be described as

1. proportional.
2. regressive.
3. indirect.
4. progressive.

G49

If a man earning $100.00 per week paid $20.00 tax and a man earning $200.00 per week, paid $60.00, the rate of income tax would be

1. regressive.
2. indirect.
3. proportional.
4. progressive.

G50

In Australia, an example of a progressive tax is

1. stamp duty.
2. excise duty.
3. petrol tax.
4. income tax.

G51

The most common method of paying tax from wages and salary earned is

1. provisional taxation.
2. proportional taxation.
3. P.A.Y.E.
4. tax stamps.

G52

The chief method of payment of tax by wage and salary earners to the Commonwealth Government is

1. subsidies.
2. company taxation.
3. P.A.Y.E. taxation.
4. indirect taxation.

G53

Tax indexation implies that tax should be indexed to the change in

1. prices.
2. wages.
3. interest rates.
4. pensions.

G54

Questions to (G55 to G57) refer to the newspaper extract shown below.

Bigger tax bite likely for a nip of scotch

Liquor industry officials expect the price of scotch whisky to rise after the Federal Budget in August.

Some experts are predicting it will go up by about 80c a bottle or 5c a nip because of an expected increase in excise duty.

The general manager of Seagers Australia Pty Ltd, Mr Mike Talbot-Price, said yesterday scotch distillers and wholesalers were preparing for a price rise in the Budget.

"The last jump in excise duty was $10 a case two years ago by the Whitlam Government," he said.

"Everyone said then that consumption would go down, but it hasn't.

"In the past year clearances of scotch from bond stores have gone up by 17.9 per cent and it is selling

generally selling at below the recommended price because of the discount war — an $8.45 bottle is selling through bottle shops and some hotels for $6.79.

"There's a feeling that it is a beautiful way to get extra revenue by taxing this luxury item."

The Federal Government usually puts a quota on bond stores about six weeks before the Budget to stop speculation in buying and

An increase in excise duty on the goods of the liquor industry will tend to increase their

1. price.
2. production.
3. demand.
4. employment.

G55

The article suggests that one economic function of excise duty is to

1. reduce the price of goods.
2. clear out bond stores.
3. raise revenue for the government.
4. prevent speculation in the buying and selling of goods.

G56

Excise duty is levied on

1. imports.
2. home produced goods.
3. exports.
4. services.

G57

Questions to (G58 to G60) are based on the information shown below.

Tax on cars should be cut

IN the early days of motoring, a car might have been considered a luxury. But today it certainly is not.

Almost every household would consider a car a necessity, and this should be recognised by the Federal Government in the imposition of sales tax.

Yet the sales tax on new cars is 27½ per cent. This places them on the same level as items which could be considered in the luxury class, such as television sets, cameras, stereos and jewellery.

Only 2½ per cent sales tax is payable on domestic dishwashers, refrigerators, washing machines, furniture and cutlery. The tax on portable swimming pools is only 15 per cent.

No wonder there have been calls in the motor industry for the 27½ per cent sales tax on cars to be reduced: The buyer of a new vehicle costing $6000 is paying about $1000 in sales tax — and that is far too much tax to pay on a necessity.

About two years ago the Federal Government reduced the tax to 15 per cent to stimulate the demand for new cars. This was a temporary measure and the tax later reverted to 27½ per cent.

A permanent reduction now in sales tax would not only stimulate demand for new cars but would also help to slow down the soaring cost of motoring.

THE OPEN ROAD, JUNE, 1977

The sales tax levied by the Government on cars is an example of

1. a direct tax.
2. an income tax.
3. an indirect tax.
4. a progressive tax.

G58

The sales tax on cars should be lowered in order to reduce

1. the Government's revenue because it was spending too much.
2. the amount of cars sold in Australia.
3. unemployment in the car industry.
4. export of Australian cars overseas.

G59

The 27½% sales tax is paid to the

1. Car Manufacturer's Association.
2. N.R.M.A.
3. State Government.
4. Australian Government.

G60

Questions and (G61 and G62) refer to the table below.

COMPARATIVE INCOME TAX RATES

	AVERAGE TAX % of Total Income		MARGINAL TAX % of tax on additional $100 of Income	
	$10,700	$42,800	$10,700	$42,800
Australia	33	57	56	68
United States	13	30	22	50
West Germany	23	42	36	53
France	10	27	19	36

The country which has the highest income tax rate is

1. Australia.
2. the United States.
3. West Germany.
4. France.

G61

For all countries listed in the table

1. average tax rates are higher than marginal tax rates.
2. the lower the income, the higher the average tax rate.
3. the marginal tax rates are a fixed proportion of average tax rates.
4. average tax rates are lower than marginal tax rates.

G62

Questions and (G63 and G64) refer to the table below.

TAX ON AVERAGE EARNINGS PER EMPLOYED MALE

	Average Earnings ($)	Average Tax Rate (%)	Marginal Tax Rate (%)	Average Rate of Tax for Man, Wife and 2 children (%)
1954/55	1,799	9.7	17.5	5.0
1958/59	2,132	11.3	21.7	6.0
1963/64	2,678	13.0	23.4	8.2
1968/69	3,661	18.0	32.9	12.5
1970/71	4,410	18.8	32.7	13.9
1973/74	6,136	21.3	35.7	16.4
1974/75(est.)	7,500	21.3	44.0	16.5

In 1974/75 the additional tax paid by an employee (on average earnings) who earned an extra $1 was

1. 16.5¢
2. 21.3¢
3. 44.0¢
4. $1.00

G63

Compared to 1954/55 an employed male in 1974/75 paid

1. a higher percentage of his income as tax.
2. a lower percentage of his income as tax.
3. the same percentage of his income as tax.
4. less tax.

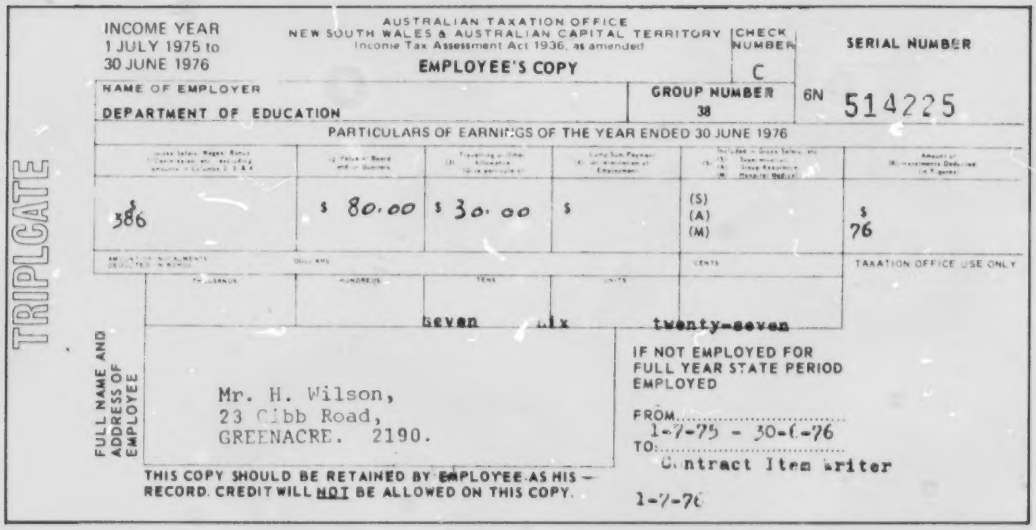
G64

A method by which the Commonwealth Government may raise funds is

1. the purchase of Savings Bonds.
2. increasing the interest rate.
3. the sale of Treasury Bonds.
4. decreasing income tax.

G65

Questions and (G66 and G67) are based on the document shown below.



TRIPLICATE

INCOME YEAR
1 JULY 1975 to
30 JUNE 1976

AUSTRALIAN TAXATION OFFICE
NEW SOUTH WALES & AUSTRALIAN CAPITAL TERRITORY
Income Tax Assessment Act 1936, as amended

EMPLOYEE'S COPY

CHECK NUMBER: C

SERIAL NUMBER: 6N 514225

NAME OF EMPLOYER: DEPARTMENT OF EDUCATION

GROUP NUMBER: 38

PARTICULARS OF EARNINGS OF THE YEAR ENDED 30 JUNE 1976

Gross Salary, Wages, Bonus, Commission, etc.	Value of Board and/or Quarters	Travelling or Other Allowances	Lump Sum Payment on Termination of Employment	Tax Deducted — Gross Salary, etc. (S) Gross Allowances (A) Director's Fees (M)	Amount of Superannuation Deductions
$ 386	$ 80.00	$ 30.00	$	(S) (A) (M)	$ 76

Amount of Allowances Deducted from Gross Salary	Dollars			Cents	Taxation Office Use Only
Thousands	Hundreds	Tens	Units		
		seven	six	twenty-seven	

FULL NAME AND ADDRESS OF EMPLOYEE

Mr. H. Wilson,
23 Cibb Road,
GREENACRE. 2190.

IF NOT EMPLOYED FOR FULL YEAR STATE PERIOD EMPLOYED

FROM 1-7-75

TO 30-6-76

Contract Item writer

1-7-76

THIS COPY SHOULD BE RETAINED BY EMPLOYEE AS HIS RECORD. CREDIT WILL NOT BE ALLOWED ON THIS COPY.

Total income recorded in this document is

1. $76
2. $110
3. $496
4. $572

G66

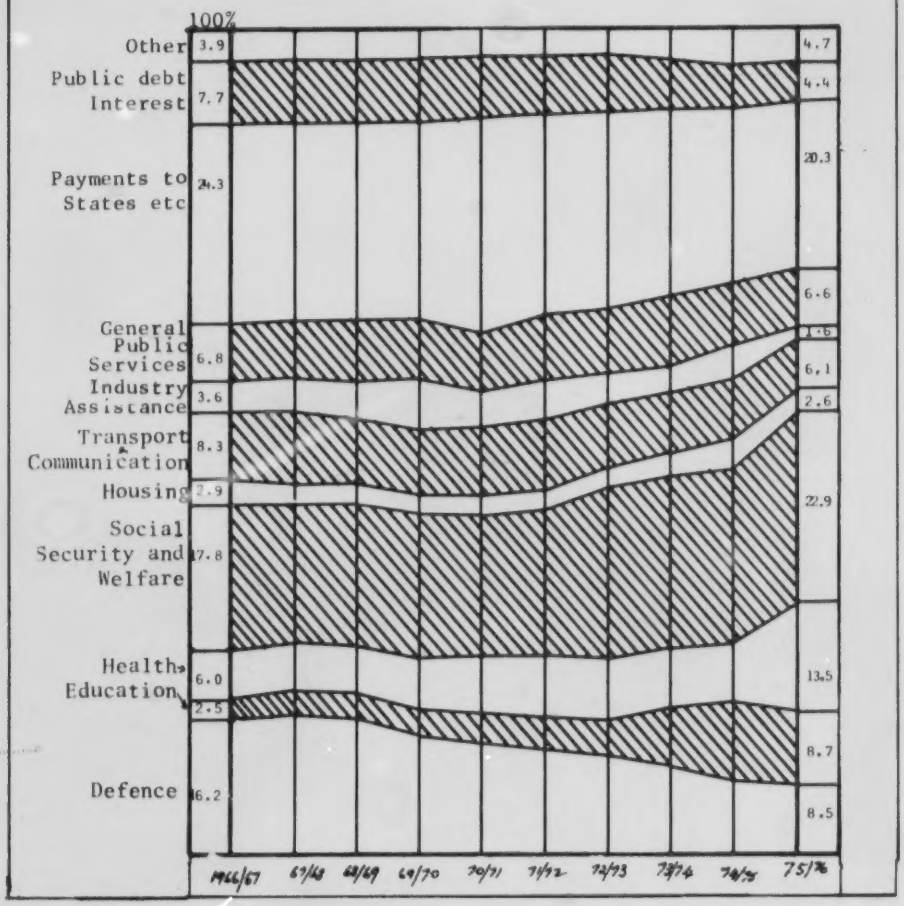
This document (a triplicate copy) would be sent by

1. H. Wilson to the Department of Education.
2. the Education Department to H. Wilson.
3. H. Wilson to the Taxation Department.
4. the Education Department to the Taxation Department.

G67

Questions and (G68 and G69) refer to the graph shown below.

MAJOR SPENDING AREAS ARE SHOWN AS PERCENTAGES OF TOTAL EXPENDITURE DURING THE PAST 10 YEARS



Between 1966/67 and 1975/76 the area of Federal Government spending which has declined in importance has been

1. health.
2. social security and welfare.
3. education.
4. industry assistance.

G68

In 1975/76 the % of Federal Government spending on education and health was

1. 8.7%
2. 13.5%
3. 22.2%
4. 30.7%

G69

Question (G70) refers to the information below.

GOVERNMENT* OUTLAYS AND NATIONAL OUTPUT
$M

	1953/54	1962/63	1973/74	1974/75
National Output	9,122	16,071	50,558	58,426
Total Government Expenditures	2,334	4,659	15,765	21,103
Government Expenditure as percentage of National Output	25.6	29.0	31.2	36.1

* FEDERAL, STATE AND LOCAL

In relation to national output, in the years 1953/54 - 1974/75, total government expenditure in Australia has increased

1. by a fixed rate each year.
2. at a faster rate.
3. at a slower rate.
4. at the same rate.

G70

The indirect tax earning most government revenue is

1. excise duty.
2. personal income tax.
3. customs duty.
4. company tax.

G71

Questions to (G72 to G75) are based on the table shown below.

COMMONWEALTH GOVERNMENT
STATEMENT OF FINANCIAL TRANSACTIONS
(rounded to the nearest $ million)

	12 months to 30/6/76	12 months to 30/6/75
OUTLAYS		
Defence	1 854	1 628
Education	1 911	1 671
Health	2 947	1 283
Social Security & Welfare	5 019	3 703
Housing	562	701
Urban and Regional Development (not elsewhere classified) and the Environment	410	378
Culture & Recreation	252	236
Economic Services	2 052	2 345
General Public Services	1 445	1 294
Not Allocated to Function -		
Payments to States (not elesewhere classified) and Natural Disaster Relief	4 435	3 699
Public Debt. Interest	967	887
Allowance for Wage and Salary Increases	-	-
TOTAL OUTLAYS	21 858	17 831
RECEIPTS		
Taxation Revenue -		
Customs Duty -		
Imports	932	840
Coal Exports	111	-
Excise Duty	2 331	1 729
Sales Tax	1 408	1 154
Income Tax - Individuals - Gross PAYE	8 362	6 918
- Less Refunds	1 342 Dr	847 Dr
- net PAYE	7 019	6 071
- Other	2 199	1 642
- Companies	2 523	2 358
- Dividend and Interest Withholding	94	88
Payroll Tax	19	15
Estate Duty	76	63
Gift Duty	10	16
Stamp Duty (ACT and NT)	4	3
Other Taxes, Fees and Fines	119	106
Less Remissions	8 Dr	6 Dr
Interest, Rent and Dividends	1 404	1 174
Net Receipts from Government Enterprise Transactions	4 Dr	12 Dr
Sale of Land and Buildings	30	18
TOTAL RECEIPTS	18 273	15 264

Extract from Trends 1976.

For the 12 months to 30.6.76, the greatest expenditure in the Commonwealth budget was

1. P.A.Y.E. income tax.
2. payments to the states.
3. social security and welfare.
4. general public services.

G72

The largest indirect tax receipt for the 12 months to 30.6.76 was

1. gift duty.
2. excise duty.
3. companies tax.
4. sales tax.

G73

The Government deficit for the 12 months to 30.6.75 was

1. $2 567
2. $3 585
3. $15 264
4. $17 831

G74

The largest increase in Commonwealth Government outlays was in the area of

1. health.
2. social security and welfare.
3. income tax-individuals.
4. defence.

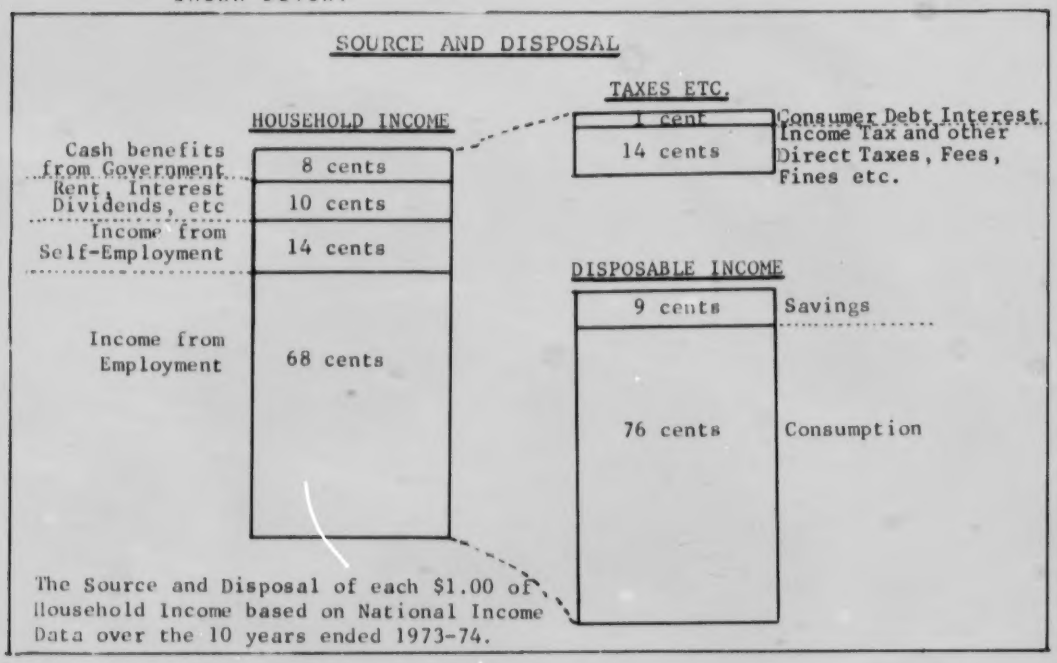
G75

The Federal Government's budget is a statement of

1. proposed income and expenditure of the Reserve Bank.
2. proposed income and expenditure of the Federal Government.
3. the actual income and expenditure of the Federal Government.
4. assets and liabilities over a year.

G76

Questions to (G77 to G79) refer to the diagram shown below.



Cash benefits from Government to household income would include

1. social services.
2. Government subsidies.
3. Government levies.
4. company taxation.

G77

Household income is equal to consumption plus

1. savings plus taxes plus debt interest.
2. taxes plus debt interest minus savings.
3. taxes minus debt interest plus savings.
4. savings plus debt interest minus taxes.

G78

The introduction of compulsory health insurance has

1. increased consumption.
2. increased savings.
3. reduced disposable income.
4. reduced household income.

G79

Questions to (G80 to G82) refer to the table shown below.

AUSTRALIAN GOVERNMENT OUTLAYS

	9 mths. to March 1977	% change over year earlier
Social security and welfare	$ 4,705.8m	+27.8%
Public utilities	985.2	-27.2
Education	1,687.8	+60.4
Defence	1,524.0	+16.0
General public service expenditure	1,186.0	+ 8.7
Health	1,902.3	- 2.1
Housing	427.7	- 4.8
Culture and recreation	205.8	+ 3.9
Other	5,137.0	+ 9.6
	$17,761.5m	+12.6%

National Bank Summary, May 1977.

The percentage increase in Government outlays shown was greatest for

1. social security and welfare.
2. education.
3. public utilities.
4. other.

G80

For the 9 months to March 1977, approximately 25% of the Australian Government's outlays shown was for

1. social security and welfare.
2. education.
3. health.
4. other.

G81

The main source of revenue for the above government's outlays would most likely be

1. income from business undertakings.
2. subsidies.
3. taxation receipts.
4. grants from the Loan Council.

G82

Questions to (G83 to G85) are based on the table shown below.

GOVERNMENT INCOME AND EXPENDITURE

EXPENDITURE	$m	INCOME	$m
Defence	1,498.7	Taxation	
Education	1,534.7	Customs Duty	770.0
Health	1,232.1	Excise Duty	1,765.0
Social Security	3,441.5	Sales Tax	1,105.0
Housing	401.1	Personal Income (PAYE)	7,966.0
Urban Development	394.4	Companies	2,566.0
Culture & Recreation	227.6	Payroll (A.C.T., T.N.T.)	11.8
Economic Services	1,953.8	Estate Duty	65.0
Public Services	1,183.3	Gift Duty	12.0
Payments to States & Local Government	3,427.3	Other	257.7
Other	969.9	Total Taxation:	$14,518.5
	$16,274.4	Interest, Rent, Dividends	1,144.5
		Net Receipts from Government Enterprises	4.1
		Sale of Land & Buildings	36.8
			$15,703.8

From the above table, the Government Budget is said to be in a

1. surplus.
2. balance.
3. deficit.
4. recession.

G83

A P.A.Y.E. system of taxation is where individuals pay taxation

1. in a lump sum at the end of the financial year.
2. in regular instalments.
3. one year in advance.
4. on all goods and services they consume.

G84

The difference between government revenue and expenditure is predominately financed by

1. government bonds.
2. Treasury surpluses.
3. debentures.
4. public company surpluses.

G85

A Government Budget is a

1. move by the government to make income equal expenditure.
2. plan of government expenditure and revenue for 12 months.
3. move by the government to increase farm subsidies.
4. plan to control the rate of interest.

G86

An increase in sales tax on motor cars will directly

1. increase government revenue.
2. reduce government revenue.
3. reduce government expenditure.
4. increase government expenditure.

G87

If the Federal Government wanted to encourage the use of public transport it would

1. decrease import duties on motor vehicles.
2. decrease sales tax on motor vehicles.
3. increase excise on petrol.
4. increase grants for state road works.

G88

The annual gross domestic product of a country refers to the total

1. value of goods and services produced.
2. rate of economic growth.
3. value of exports produced.
4. income produced by households.

G89

Questions and (G90 and G91) refer to the information shown below.

Prices of inputs into manufacturing industry rose 7.1 per cent in the March quarter, according to official figures issued yesterday.

Prices of imported inputs were 11.3 per cent higher and home-produced materials 4.9 per cent.

The Full Bench of the Arbitration Commission estimated only 0.4 per cent of the 2.3 per cent March quarter CPI was attributable to this factor.

In the year to March, prices of imported inputs rose 20.9 per cent and home-produced materials 15.9 per cent.

In March both items rose 1.3 per cent.

More than half the increase in the imported component was caused by increased prices for coffee and cocoa beans.

The increase in home-produced materials were mainly caused by increased prices for lambs, sheep, cattle and calves.

In the crude-materials group there were decreases in copper, silver-lead and other concentrates.

Newspaper extract, April 1977.

In the March 1977 quarter prices of home-produced materials rose

1. 1.3 per cent.
2. 3.3 per cent.
3. 4.9 per cent.
4. 6.2 per cent.

G90

During the March 1977 quarter, the rise in the CPI was

1. 0.4 per cent.
2. 1.3 per cent.
3. 1.9 per cent.
4. 2.3 per cent.

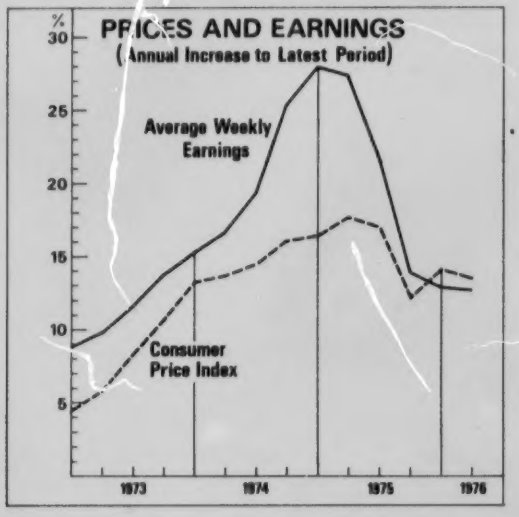
G91

The term "Fiscal Policy" refers to the management of the economy through the

1. Government Budget.
2. Stock Exchange.
3. Reserve Bank.
4. High Court of Australia.

G92

Questions to (G93 to G96) are based on the graph shown below.



Source: Bank of N.S.W. Revue

Average weekly earnings showed greatest increase in the year

1. 1976.
2. 1975.
3. 1974.
4. 1973.

G93

The annual rate of inflation was greatest in the year

1. 1976.
2. 1975.
3. 1974.
4. 1973.

G94

The greatest increase in real earnings would have occurred in

1. 1976.
2. 1975.
3. 1974.
4. 1973.

G95

Commonwealth Government taxation receipts would have increased most rapidly during

1. 1976.
2. 1975
3. 1974.
4. 1973.

G96

Questions to (G97 to G99) are based on the information shown below.

> *The Review, 9th June, 1977.*
>
> "Treasurer announces that in an attempt to stimulate demand in the slumping automobile industry sales taxes will be cut across the board by 10%."

The effect of taking this action would be to

1. reduce the number of cars being sold.
2. decrease our import of cars from overseas.
3. increase employment in the automobile industry.
4. reduce the profits of the automobile manufacturers.

G97

In terms of income, the rate of sales tax is an example of

1. progressive tax.
2. regressive tax.
3. proportional tax.
4. marginal tax.

G98

The level of Government which would be responsible for implementing a change in the level of sales taxes is the

1. Commonwealth.
2. State.
3. Local.
4. Regional.

G99

GDP is used as a measure of

1. inflation.
2. stagflation.
3. economic growth.
4. demand pressures.

G100

Questions to (G101 to G103) refer to the information shown below.

TREASURER SPEAKING ON AUGUST BUDGET & CURRENT ECONOMIC POLICY

Adapted from Sydney Morning Herald 6/6/77

(a) A further reduction in the number of Commonwealth employees on top of the 15,000 by which the Public Service has been cut since the beginning of last year.

(b) A tougher attitude to State finances at the Premiers' conference and Loan Council on July 1.

(c) No extra stimulus to economic activity through the Budget.

(d) A boost to inflation later this year as the effects of devaluation flowed through into import prices.

(e) A slow reduction in unemployment to an eventual level which could be higher than in previous periods of economic stability.

A tougher attitude towards State finances at the July 1 conference could lead to cuts in N.S.W. Government expenditure on

1. defence.
2. immigration programmes.
3. suburban railways.
4. medibank benefits.

G101

An example of budgetary action contrary to the aims of the Treasurer would be a reduction in

1. capital expenditure.
2. social welfare payments.
3. education expenditure.
4. company taxation.

G102

Through the measures outlined on the previous page, the Government hopes to

1. restructure the tax scale.
2. increase unemployment.
3. boost inflation.
4. reduce the Budget deficit.

G103

A government can finance a deficit budget by

1. increasing its expenditure.
2. borrowing money from local or overseas sources.
3. promoting the sale of imports.
4. decreasing taxes.

G104

One main indicator of the rate of inflation in Australia is

1. industrial disputes.
2. the rate of interest.
3. award wages.
4. the consumer price index.

G105

One result of inflation in Australia is that

1. people on superannuation gain.
2. domestic prices are lower than those overseas.
3. our exports are easier to sell.
4. buyers of goods on credit are better off.

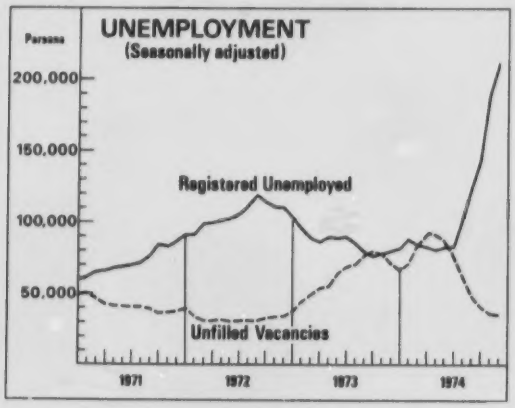
G106

The component which would add to cost inflation would be

1. an increase in the retail prices.
2. a decrease in the distribution cost.
3. a decrease in the demand for goods.
4. an increase in wages.

G107

Questions to (G108 to G110) are based on the graph shown below.



Source: Bank of N.S.W. Revue

The most severe unemployment between 1970 and 1974 occurred during

1. 1974.
2. 1973.
3. 1972.
4. 1971.

G108

A cause of this unemployment could have been the

1. decrease in S.R.D. rates.
2. decrease in demand for consumer goods.
3. increase in demand for consumer goods.
4. decrease in wages.

G109

Government policy which could assist to improve employment would be

1. increased company tax.
2. decreased taxation.
3. decreased exports.
4. increased imports.

G110

Questions and (G111 and G112) refer to the extract shown below.

> **DEVALUATION IN RETROSPECT**
>
> Until November 28, 1976 the day of the 17½% devaluation, the Fraser Government had demonstrated beyond doubt the number one priority in its economic strategy of sustained economic growth - the control of inflation.

On the 28th November, 1976 the Government's action resulted in

1. each $A buying less imported goods.
2. each $A buying more imported goods.
3. interest rates rising by 17½%.
4. interest rates falling by 17½%.

G111

The extract implies that the action of the 28th November would result in

1. a lowering of the inflation rate.
2. an increase in the inflation rate.
3. sustained economic growth.
4. a decrease in economic growth.

G112

An objective of the Reserve Bank is to

1. stop inflation.
2. boost stagflation.
3. create a recession.
4. create inflation.

G113

The group which suffers most in times of inflation is

1. land speculators.
2. long term debtors.
3. firms with large inventories.
4. fixed income earners.

G114

The Commonwealth Government excises its controls over the banking sector through the

1. Resources Development Bank.
2. Commonwealth Bank.
3. Reserve Bank.
4. Merchant Bank.

G115

The Reserve Bank's activities have a <u>direct</u> impact on

1. fiscal policy.
2. monetary policy.
3. incomes policy.
4. wages policy.

G116

The use of the Reserve Bank controls to implement Government Economic Policy is termed

1. budgetary policy.
2. fiscal policy.
3. monetary policy.
4. external policy.

G117

A reduction in the S.R.D. ratio would most likely lead to an increase in lending of

1. banks.
2. building societies.
3. credit unions.
4. insurance companies.

G118

To restrict bank lending the Government would

1. advise the Reserve Bank to increase S.R.D.'s.
2. advise the Reserve Bank to decrease S.R.D.'s.
3. decrease interest rates.
4. decrease Government borrowing.

G119

The Australian Government can increase our level of foreign reserves by

1. overseas borrowing.
2. selling government bonds in Australia.
3. placing restrictions on foreign investment in Australia.
4. placing restrictions on the sale of uranium to overseas countries.

G120

When individuals purchase Australian Government Savings Bonds they are lending money to

1. the State Government.
2. Savings Banks.
3. Trading Banks.
4. the Australian Government.

G121

One step the Government could take to help ease unemployment would be to increase

1. immigration.
2. interest rates.
3. public works expenditure.
4. income tax.

G122

Unemployment rates are worked out by expressing the total persons registered unemployed as a percentage of the total persons

1. who have been employed.
2. in the workforce.
3. in the country.
4. who are employed.

G123

One method the Commonwealth Government has undertaken to improve the unemployment situation has been to

1. support full wage indexation.
2. pay an apprentice training subsidy.
3. reduce unemployment relief benefits.
4. reduce tariffs on imported goods.

G124

The most common measure of total annual production in the economy is

1. economic growth.
2. the productivity rate.
3. gross domestic product.
4. gross domestic investment.

G125

Consumer price index measures changes in

1. industrial prices only.
2. all commodity prices.
3. all retail prices.
4. some retail prices.

G126

Real income per head is often used to measure the

1. basic wage.
2. rate of wage increase.
3. rate of economic growth.
4. true population growth.

G127

What people save, spend and pay in tax over a year equals their annual

1. personal disposable income.
2. net disposable income.
3. net income.
4. gross income.

G128

Wage rises, cost large employers of labour more than the actual rises, because of the added cost of

1. income taxation.
2. payroll taxation.
3. over award payments.
4. private health insurance.

G129

The N.S.W. State Government promotes employment directly through the

1. payment of unemployment benefits.
2. imposition of tariff protection.
3. imposition of sales taxes.
4. public works programme.

G130

A national wage rise would cause

1. personal income taxation to decrease.
2. Government expenditure to increase.
3. a decrease in a firm's cost of production.
4. an increase in a firm's profits.

G131

The Federal Government in Australia does <u>not</u>

1. compete with private enterprise.
2. give financial assistance to business firms.
3. interfere with determination of prices.
4. determine the minimum wage.

G132

A N.S.W. State Government enterprise is

1. QANTAS (Airlines).
2. the Rural Bank.
3. the Commonwealth Bank.
4. T.A.A. (Airlines).

G133

An example of a State Government business undertaking is the

1. Post Office.
2. State Planning Authority.
3. Totalizator Agency Board (TAB).
4. Consumer Affairs Bureau (CAB).

G134

A Government business undertaking normally

1. sells its products to the public.
2. provides its products to the public at no charge.
3. is financed by Government revenue.
4. cannot be controlled by Government legislation.

G135

An example of an Australian Government business which is also a monopoly is

1. Telecom Australia.
2. T.A.A.
3. N.S.W. Government buses.
4. Rural Bank.

G136

Question (G137) refers to the table shown below.

Distribution of N.S.W. Population Between Urban and Rural Districts to Selected Years

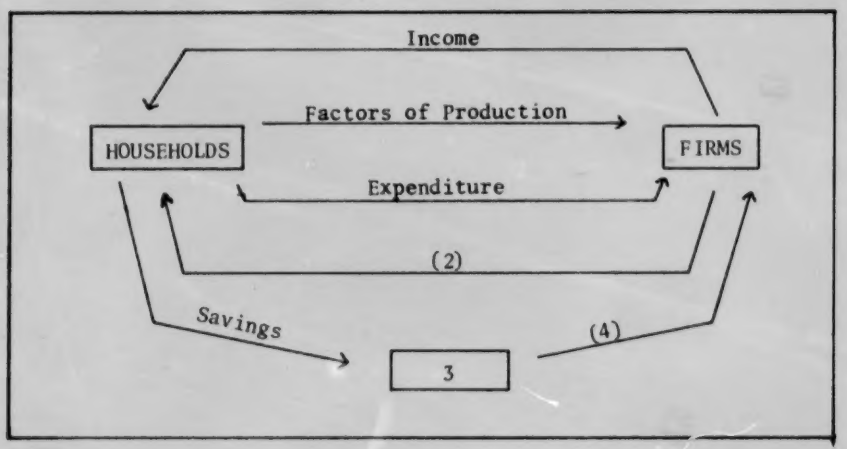
	Percentage of Total Population	
Census Year	Rural	Urban
1933	36	64
1947	29	71
1954	17	83
1961	15	85
1966	13	87
1971	11	89

The greatest change in population distribution in any area occurred between the years

1. 1933 and 1947.
2. 1947 and 1954.
3. 1954 and 1961.
4. 1961 and 1966.

G137

Questions to (G138 to G140) refer to the diagram below.



In the above circular flow diagram the flow shown by 2 would most likely be

1. land, labour, capital and enterprise.
2. wages, rent, interest and profit.
3. goods and services.
4. investment.

G138

An institution which would be included in 3 would most likely be a

1. public company.
2. union.
3. council.
4. bank.

G139

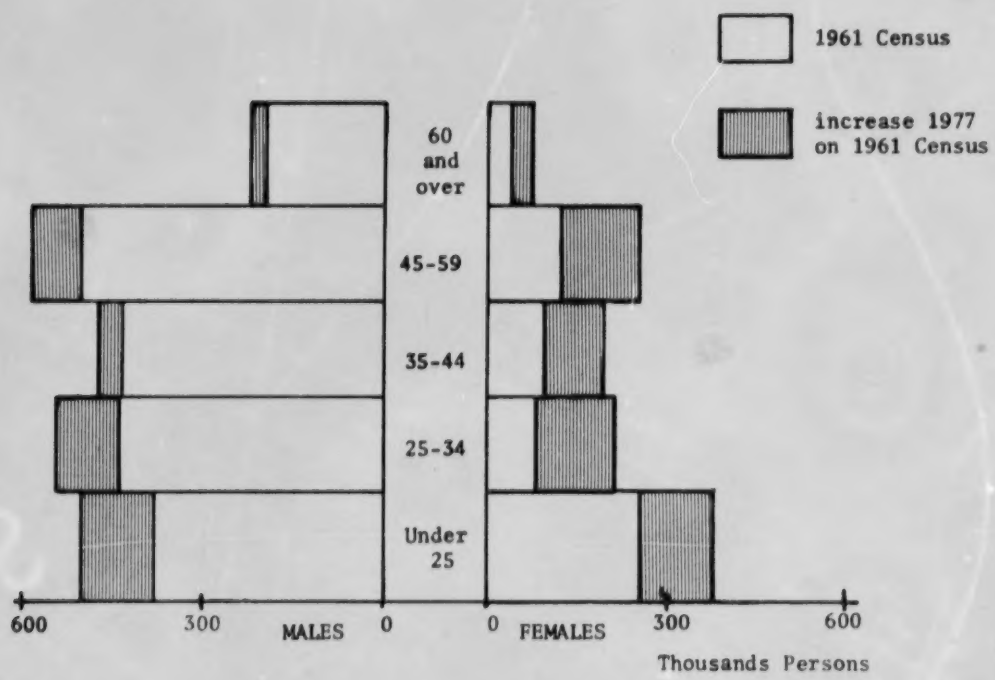
The flow shown as 4 would most likely be

1. goods and services.
2. investment.
3. subsidies.
4. interest.

G140

Questions to (G141 to G144) refer to the graph shown below.

AGE AND SEX COMPOSITION OF A COUNTRY'S LABOUR-FORCE



The additions to the workforce made by the female 35-44 age group since 1961 has been

1. 300.
2. 500.
3. 100 000.
4. 200 000.

G141

The greatest number of females in the workforce are in the age group

1. under 25.
2. 25 to 34.
3. 35 to 44.
4. 45 to 59.

G142

The 1977 additions to the females in the 35 to 44 age group is

1. less than the 1977 additions to the male 35-44 age group.
2. greater than the 1977 additions to the male under 25 age group.
3. less than the 1977 additions to the female 60 and over age group.
4. greater than the 1977 additions to the female 60 and over age group.

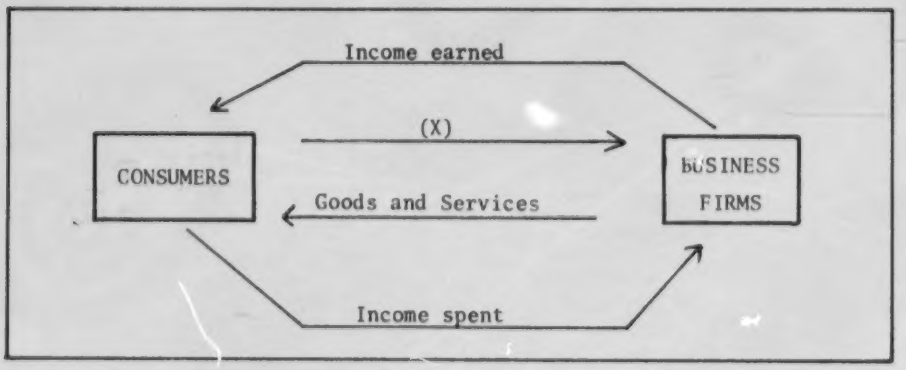
G143

The male group that contributes the greatest number to the workforce is the

1. under 25.
2. 25 to 34.
3. 35 to 44.
4. 45 to 59.

G144

Question (G145) refers to the diagram shown below.



The flow on the diagram marked "X" is a flow of

1. saving.
2. taxation.
3. resources.
4. exports.

G145

Questions and (G146 and G147) refer to the table shown below.

PERMANENT ARRIVALS AND DEPARTURES

Calendar Years	Permanent Movement				
	Arrivals	Departures			Net Permanent Movement
	Settler Arrivals	Former Settlers Departing	Other Residents Departing	Total	
1968	159,270	23,814	7,861	31,675	127,595
1969	183,416	24,739	8,892	33,631	149,785
1970	185,325	26,756	10,538	37,294	148,031
1971	155,525	29,449	11,673	41,122	114,403
1972	112,468	33,172	12,709	45,881	66,587
1973	105,003	30,325	13,105	43,430	61,573
1974	121,324	21,849	11,902	33,751	87,573
1975	54,054	18,288	10,931	29,219	24,835

BANK OF NEW SOUTH WALES REVIEW

October, 1976.

The greatest increase in population as a result of arrivals and departures occurred in

1. 1968.
2. 1969.
3. 1970.
4. 1971.

G146

The significant decline in the number of arrivals in 1975 would be reflected in

1. worsening unemployment overseas.
2. higher wages in Australia.
3. Australian Government immigration policy.
4. an improvement in employment in Australia.

G147

The income and factor of production items which are directly related are

1. rent/enterprise.
2. interest/capital.
3. wages/land.
4. profit/labour.

G148

The item which is <u>not</u> considered to be a basic factor of production is

1. natural resources.
2. labour.
3. enterprise.
4. government influence.

G149

L A B O U R

GENERAL	L1 - L7
TRADE UNIONS	L8 - L21
CONCILIATION & ARBITRATION	L22 - L30
WAGE INDEXATION	L31 - L35

LABOUR

Question No.	Answer	Question No.	Answer
L1	1	L19	1
L2	2	L20	4
L3	4	L21	4
L4	3	L22	3
L5	2	L23	1
L6	3	L24	1
L7	4	L25	1
L8	4	L26	4
L9	3	L27	1
L10	1	L28	2
L11	1	L29	2
L12	2	L30	4
L13	3	L31	1
L14	1	L32	1
L15	4	L33	2
L16	2	L34	3
L17	3	L35	3
L18	3		

Questions to (L1 to L4) refer to the information below.

INDUSTRY GROUP (AUST)	EMPLOYMENT OF LABOUR BY SECTORS IN THE AUSTRALIAN ECONOMY			
	1901	1954	1961	1975
Primary	32.9%	15.1%	12.4%	7.2%
Secondary	16.8%	28.0%	27.5%	28.4%
Tertiary	50.3%	56.9%	60.1%	64.4%

The largest movement between 1901 and 1975 is shown as

1. a decrease in primary industry.
2. an increase in primary industry.
3. an increase in secondary industry.
4. a decrease in secondary industry.

L1

A reason for the change in the percentage of the workforce employed in primary industry between 1901 and 1975 is

1. the increased prices for farm products.
2. increased productivity of labour.
3. decreased productivity of labour.
4. decreased use of farm machinery.

L2

The change in the percentage of the workforce engaged in tertiary industry between 1901 and 1975 is due to

1. a decrease in the demand for services.
2. an increase in the development of natural resources.
3. a decrease in the productivity of labour.
4. an increase in the standard of living.

L3

The change in the percentage of the workforce engaged in secondary and tertiary industries could indicate a trend towards increased

1. decentralisation.
2. mechanisation.
3. urbanisation.
4. economic growth.

L4

Question (L5) refers to the information below.

> More than 10 000 workers in the N.S.W. Building Industry could be stood down by the end of next week unless a strike by concrete workers is settled. The workers to be stood down are mainly labourers and tradesmen.

This newspaper extract illustrates the concept of

1. vertical integration in the building industry.
2. interdependence of industries.
3. agreements between unions.
4. increasing sale of industries.

L5

Immigration in the post-war period has been encouraged by the Australian Government because of the

1. overpopulation in European countries.
2. shortage of primary producers.
3. desire to increase economic growth.
4. increased living standards in Europe.

L6

Immigration has tended to decline when Australia has experienced a period of

1. inflation.
2. full employment.
3. improved economic growth.
4. high unemployment.

L7

A group of employees who join together to use their combined strength to improve working conditions is known as

1. a Conciliation Commission.
2. a labour market.
3. an arbitration system.
4. a trade union.

L8

In Australia membership in trade unions is

1. compulsory with all unions.
2. optional with all unions.
3. compulsory with some industries.
4. restricted to union delegates.

L9

To belong to a trade union you must

1. pay your membership.
2. vote at all union elections.
3. be a member of the A.C.T.U.
4. be a member of the Labor Party.

L10

A demarcation dispute normally occurs between two

1. trade unions.
2. levels of government.
3. employer organisations.
4. consumer organisations.

L11

The A.C.T.U. is

1. a government controlled organisation.
2. the controlling body of all unions in Australia.
3. the Federal body representing most unions in Australia.
4. a consumer protection organisation.

L12

The item which is <u>not</u> a direct aim of the trade union movement is

1. work safety.
2. higher wages.
3. higher profits.
4. shorter hours.

L13

Questions and (L14 and L15) refer to the newspaper article below.

> On Monday, Mr. Hekmat Kaji was stood down at the Viscount caravan assembly plant at Liverpool with 800 other employees. He does not know when he will get his job back.
> The production line closed on Monday because vital parts needed in the assembly were held up on the wharves by a union demarcation dispute.
> The parts are in containers at No.5 Darling Harbour. They have been there five weeks while the Transport Workers' Union and the Waterside Workers' Federation dispute who should load containers more than 20ft long onto trucks at the conventional wharves.
> More than 1,700 containers are held up because of the dispute.
> Viscount caravans are the first large employers who have had to stand down employees because of the dispute.
> The plant will not re-open until the containers are released. They contain refrigerators, stoves, and other parts that are unavailable in Australia.

Mr. Kaji has been stood down because of

1. a demarcation dispute.
2. overproduction.
3. a strike by Viscount employees.
4. containerization.

L14

The parties involved in the dispute are

1. the Viscount management and the trade union.
2. the Viscount management and the Transport Workers' Union.
3. Mr. Kaji and the Waterside Workers' Federation.
4. the Transport Workers' Union and the Waterside Workers' Federation.

L15

A method which would <u>not</u> be used by a trade union to achieve its aims is a

1. black ban.
2. lock-out.
3. work to regulations.
4. go-slow.

L16

Questions to (L17 to L20) refer to the information below.

REASONS FOR STRIKE ACTION BY WORKERS (1971)

Reason	No. of Disputes	% of Total Number*
Wages	880	37
Managerial policy	699	29
Physical working conditions	325	13
Trade Unionism	286	12
Others	164	7
Leave, pensions, compensation	33	1
Hours of work	17	1
TOTAL	2404	100%

*rounded to the nearest whole number.

Source: Australian Bureau of Census and Statistics.

In 1971 issues accounting for over 50% of strike action were wages and

1. trade unionism.
2. hours of work.
3. managerial policy.
4. physical working conditions.

L17

The information in the table states that 2404

1. working days were lost.
2. working days per man were lost.
3. strikes occurred during the year.
4. factories were closed by strikes.

L18

A strike on the issue of overtime rates would appear in the above table under

1. wages.
2. managerial policy.
3. trade unionism.
4. hours of work.

L19

In the table the section "physical working conditions" includes

1. social activities.
2. recreation hours.
3. higher wages.
4. safety issues.

L20

The most common cause of industrial action by a trade union is

1. hours of work.
2. working conditions.
3. demarcation.
4. wages.

L21

A written statement of demands served by employees upon an employer is called a

1. table of claims.
2. table of demands.
3. log of claims.
4. log of demands.

L22

In attempting to settle an industrial dispute in Australia, the first method used is usually

1. conciliation.
2. arbitration.
3. legislation.
4. court proceedings.

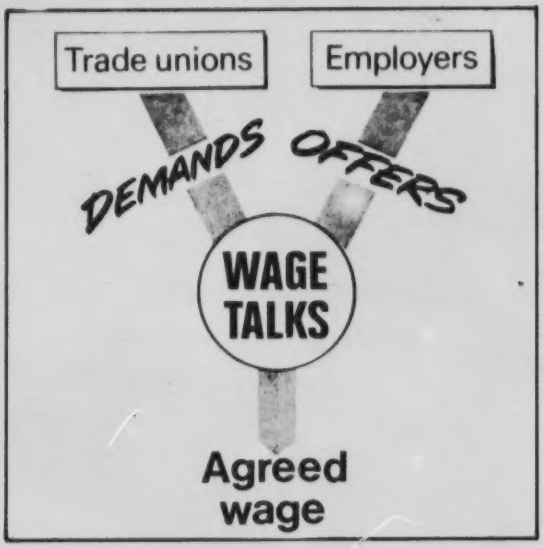
L23

A statutory body such as the Conciliation and Arbitration Commission is

1. independent of Government interference.
2. directly controlled by the Government.
3. under trade union control.
4. answerable only to the voters.

L24

Questions and (L25 and L26) are based on the information shown.



The "wage talks" between Trade Unions and employers is known as

1. collective bargaining.
2. conciliation.
3. arbitration.
4. restrictive practices.

L25

The demands made by employees would not depend on

1. profits of the firm.
2. productivity of employees.
3. strength of the unions.
4. location of the firm's market.

L26

As a method for solving industrial disputes, collective bargaining is a situation where employers and unions

1. meet to discuss a dispute.
2. meet with the government to discuss the dispute.
3. meet with a conciliator to discuss the dispute.
4. bargain collectively with the A.C.T.U.

L27

When an industrial dispute is settled by a third party who has made a binding decision this is called

1. conciliation.
2. arbitration.
3. a demarcation dispute.
4. collective bargaining.

L28

The system whereby a third party makes a binding decision in an industrial dispute is called

1. conciliation.
2. arbitration.
3. reconciliation.
4. collective bargaining.

L29

The function of the Arbitration Commission is to

1. protect the privileges of the employee.
2. look after the side of the employer.
3. consider the point of view of the Government.
4. settle industrial disputes.

L30

Wage indexation is

1. a change in wage levels related to the Consumer Price Index.
2. a change in wage levels related to higher interest charges.
3. a decrease in wage levels related to unemployment figures.
4. an adjustment in the Consumer Price Index to allow wage increases.

L31

Wage indexation

1. is an indicator of the true value of wages.
2. links average wage rises to price rises.
3. is a way of comparing the wage of different trades.
4. shows the change in wages over time.

L32

Indexation of income tax was introduced in Australia to

1. reduce the size of the Federal Government's budget deficit.
2. prevent wage increases forcing income earners into higher tax brackets.
3. enable a wage price-freeze to be applied.
4. simplify the calculation of income tax by the taxation department.

L33

If an employer pays piece rates, the calculation of an employee's wage is based on

1. number of hours worked.
2. quality of the goods produced.
3. volume of output.
4. qualifications.

L34

Wage indexation is the linking of wages to

1. company profits.
2. the rate of taxation.
3. the rate of price change.
4. production.

L35

RECORDS

PERSONAL FUNDS	R1 - R3
BANK RECONCILIATION STATEMENTS	R4 - R14
PROFIT AND LOSS, TRADING A/C	R15 - R29
BASIC ELEMENTS OF ACCOUNTING, THE BALANCE SHEET	R30 - R68
GENERAL - FINANCIAL RECORDS	R69 - R87

RECORDS

Question No.	Answer	Question	Answer
R1	4	R30	1
R2	4	R31	2
R3	1	R32	1
R4	2	R33	2
R5	1	R34	2
R6	2	R35	4
R7	4	R36	3
R8	3	R37	2
R9	4	R38	2
R10	3	R39	4
R11	2	R40	4
R12	2	R41	3
R13	3	R42	1
R14	2	R43	1
R15	3	R44	3
R16	1	R45	2
R17	3	R46	4
R18	1	R47	3
R19	4	R48	1
R20	2	R49	2
R21	2	R50	1
R22	3	R51	4
R23	4	R52	1
R24	1	R53	1
R25	1	R54	2
R26	1	R55	3
R27	2		
R28	2	R57	1
R29	4	R58	2

RECORDS

Question No.	Answer	Question No.	Answer
R59	2	R74	2
R60	3	R75	4
R61	3	R76	2
R62	1	R77	4
R63	4	R78	1
R64	2	R79	1
R65	2	R80	4
R66	2	R81	3
R67	2	R82	2
R68	2	R83	2
R69	3	R84	1
R70	1	R85	2
R71	1	R86	3
R72	2	R87	4
R73	1		

A budget is a statement of

1. actual income.
2. planned expenditure.
3. actual income and expenditure.
4. planned income and expenditure.

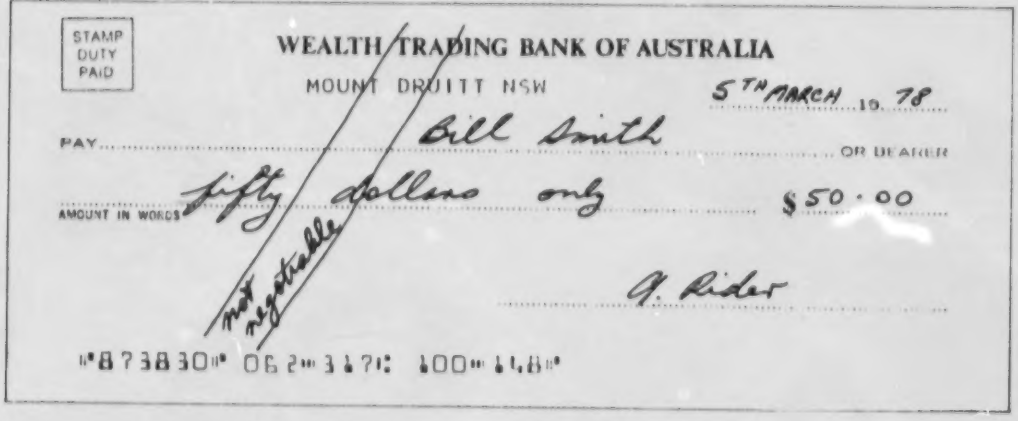
R1

An example of a credit item in a bank statement would be a

1. bank fee.
2. cheque drawn.
3. cheque book.
4. deposit.

R2

Question (R3) is based on the stimulus material below.



The banking term for A. Rider in the above cheque, is

1. drawer.
2. payee.
3. drawee.
4. payer.

R3

Questions to (R4 to R6) refer to the bank statement below.

Statement of Account with

THE BANK OF SYDNEY

B A N K S I A

Branch

Name: J. Richard .

Street: 54 Erewhon Street,

Town: Banksia.

DATE	Particulars	Debit	Credit	Balance
Feb 6 77	BALANCE FORWARD			454.86 Cr
Mch 4 77	791	15.86		439.00 Cr
Mch 5 77	792	500.00		61.00 OD
Mch 10 77 C/C			500.00	439.00 Cr
Mch 26 77 INT		.50		438.50 Cr
Mch 27 77 FEE		2.50		436.00 Cr
Mch 28 77 C/C			45.00	481.00 Cr
Mch 29 77	797	22.50		458.50 Cr
Mch 30 77	800	12.30		446.20 Cr

C/C means Cash and/or Cheque lodged for Credit.
FEE means Charge for keeping Account.
INT means Interest on Account.

The document above indicates that an amount was deposited in J. Richard's account on the

1. 4th March.
2. 10th March.
3. 26th March,
4. 27th March.

R4

If an unpresented cheque for $60.00 made out to J. Smith, is presented then the new balance on the statement will be a

1. credit balance of $386.20
2. debit balance of $386.20
3. credit balance of $506.20
4. debit balance of $506.20

R5

On the 5th March, 1977, J. Richard's account was

1. credited with $61.00
2. overdrawn by $61.00
3. credited with $500.00
4. overdrawn by $500.00

R6

Questions to (R7 to R9) refer to the information below.

On June 30th, 1978, C. Adams' cash book showed a debit balance of $15. His bank statement received on the same date, did not show - a cheque drawn for $10;
- a deposit of $15.
(These were the only outstanding transactions.)

C. Adams' bank statement would have shown a

1. debit balance of $10.
2. credit balance of $10.
3. debit balance of $20.
4. credit balance of $20.

R7

If Adams had made a payment of $30 on 28th June, 1978, his new cash book balance would have been

1. debit balance of $15.
2. debit balance of $45.
3. credit balance of $15.
4. credit balance of $45.

R8

The bank statement of C. Adams would NOT show

1. his cheque account balance.
2. his account number.
3. the cost of a cheque book.
4. his savings bank balance.

R9

A bank statement is a

1. report by all banks to the Reserve Bank.
2. report issued to bank shareholders.
3. bank report of a customer's current account.
4. bank's annual report.

R10

Questions to (R11 to R14) are based on the stimulus material below.

Statement of Account with

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
incorporating ANZ Bank and ES&A Bank

Name: W. WATSON PTY. LTD.

Street: 21 West Street,

Town: HORNSBY. 2076

Page No. 3

DATE	PARTICULARS	DEBIT	CREDIT	BALANCE
Mch 10	BALANCE FORWARD			431.25 Cr.
Mch 12	796	14.00		417.25 Cr.
Mch 12 TFR			20.00	437.25 Cr.
Mch 17	798	15.45		421.80 Cr.
Mch 17 CTI			4.00	425.80 Cr.
Mch 18 CBK		2.50		423.30 Cr.
Mch 18 DIV			27.50	450.80 Cr.
Mch 18	799	18.25		432.55 Cr.
Mch 22	801	5.00		427.55 Cr.
Mch 25	802	10.00		417.55 Cr.
Mch 26 INT		.50		417.05 Cr.
Mch 29 FEE		3.00		414.05 Cr.
Mch 29 C/C			45.00	495.05 Cr.
Mch 29	803	15.00		444.05 Cr.

EXPLANATION OF ABBREVIATIONS USED:
C/C means Cash and/or Cheque lodged for Credit.
CBK means Cheque Book.
DIV means Dividend.
CTI means Interest on Commonwealth Treasury Bonds/Stock.
FEE means Charge for keeping Account.
INT means Interest on Account.
TFR means Transfers from other banks or Branches.
OD means Overdrawn.
PN means Promissory Note.

The bank statement of W. Watson Pty. Ltd. does not show

1. bank fee.
2. interest on deposits.
3. cash deposit.
4. interest on Commonwealth Treasury Bonds.

R11

Evidence of deposits are found in the

1. debit and balance columns.
2. credit and balance columns.
3. credit column only.
4. debit column only.

R12

The numbers listed in the particulars column are the last three numbers of

1. receipts for debit entries.
2. cheques deposited.
3. cheques presented for payment.
4. the forward balance.

R13

If a bank reconciliation statement was drawn up by W. Watson Pty. Ltd. cheque no. 797 would most probably be

1. a bank cheque.
2. an unpresented cheque.
3. an overdrawn cheque.
4. a promissory note.

R14

Net profit is equal to the difference between

1. assets and liabilities.
2. receipts and payments.
3. gross profit and all other expenses.
4. net sales and cost of goods sold.

R15

Gross profit is sales less

1. cost of goods sold.
2. depreciation.
3. administrative expenses.
4. liabilities.

R16

Questions to (R17 to R19) refer to the information below.

ASSETS AND LIABILITIES OF M.P. JONES AS AT 31ST MARCH, 1978

Sales	$200 000
Opening Stock	$ 50 000
Purchases	$ 80 000
Land/Building	$ 60 000
Closing Stock	$ 30 000
Rates	$ 10 000
Insurance	$ 5 000

For the firm of M.P. Jones, the Gross profit is

1. $ 40 000
2. $ 80 000
3. $100 000
4. $120 000

R17

Net profit would be

1. $ 85 000
2. $ 95 000
3. $100 000
4. $120 000

R18

M.P. Jones' accountant discovers the advertising account of $40 000 has not been included in the above list. This account would have the effect of

1. increasing gross profit by $40 000.
2. decreasing gross profit by $40 000.
3. increasing net profit by $40 000.
4. decreasing net profit by $40 000.

R19

Questions to (R20 to R24) refer to the information below.

A. Brown's business has the following balances:

Sales	$25 000
Gross Profit	$15 500
Wages & Salaries	$ 6 000
General Expenses	$ 1 000
Sundry Creditors	$ 2 000
Drawings	$ 500
Capital	$11 000

The net profit is

1. $ 8 000
2. $ 8 500
3. $10 000
4. $10 500

R20

The cost of goods sold was

1. $ 7 000
2. $ 9 500
3. $10 500
4. $18 000

R21

A. Brown's equity in the business is

1. $ 8 500
2. $11 000
3. $19 000
4. $19 500

R22

An example of a current liability is

1. capital.
2. drawings.
3. discount received.
4. sundry creditors.

R23

The amount that A. Brown has taken from the firm for his own use is

1. $500
2. $1 000
3. $6 000
4. $11 000

R24

Examine the following figures and answer questions and (R25 and R26)

	$
Sales	29 000
Opening Stock	5 000
Purchases	20 000
Closing Stock	6 000

Gross profit is

1. $10 000
2. $19 000
3. $25 000
4. $29 000

R25

The above balances could be used to construct a

1. trading account.
2. profit and loss account.
3. balance sheet.
4. sales account.

R26

Net profit is calculated in the

1. cash book.
2. profit and loss account.
3. trading account.
4. balance sheet.

R27

An accountant preparing a Revenue Statement for a manufacturer would classify, "rent paid for premises" as a

1. non-operating expense.
2. general and administrative expense.
3. selling and distribution expense.
4. financial expense.

R28

A Revenue Statement is mainly compiled from ledger accounts related to

1. assets.
2. liabilities.
3. debtors and creditors.
4. incomes and expenses.

R29

In a balance sheet, the difference between current assets and current liabilities is

1. working capital.
2. owner's equity.
3. liquid ratio.
4. proprietary ratio.

R30

In a balance sheet, capital plus net profit equals

1. total liabilities less total assets.
2. total assets less external liabilities.
3. current assets less current liabilities.
4. long term liabilities less fixed assets.

R31

A balance sheet shows that owner's equity

1. plus external liabilities equals assets.
2. minus external liabilities equals assets.
3. minus assets equals internal liabilities.
4. plus assets equals internal liabilities.

R32

Questions to (R33 to R36) are based on the Balance Sheet below.

BALANCE SHEET OF A. JOHNS AS AT 30/6/77

Fixed Assets			**Owner's Equity**		
Fixtures & Fittings	2200		Capital 1/7/76	5720	
Creditors	3000		Motor Vehicle	3000	
		5200			8720
Current Assets			**Current Liabilities**		
Cash	2000		Debtors	2000	2000
Net Profit	2000		**Long Term Liabilities**		
Stock	5720				
		9720	Mortgage	4200	4200
		$14 920			$14 920

An inexperienced clerk prepared the above Balance Sheet. Study the Balance Sheet and answer questions to (R33 to R36).

The Fixed Assets should be

1. fixtures, fittings and stock.
2. motor vehicles, fixtures and fittings.
3. fixtures, fittings and cash.
4. fixtures, fittings and mortgages.

R33

The item that is incorrectly placed on the Assets side is

1. cash.
2. net profit.
3. stock.
4. fixtures and fittings.

R34

The item "Net Profit" is directly calculated in the

1. trading account.
2. debtors account.
3. capital account.
4. profit and loss account.

R35

The item "Stock" refers to

1. sales during the year.
2. purchases during the year.
3. stock left unsold at the end of the financial year.
4. stock to be purchased next year.

R36

Questions to (R37 to R40) refer to the Balance Sheet shown below.

Balance Sheet of B. Cassidy as at 30th June, 1977

Bank	$ 9 000		Capital 1.7.76	$33 000	
Debtors	$ 1 000		Net Profit	$ 1 000	$34 000
Stock (30.6.77)	$ 1 000		Creditors	$ 2 000	
Land	$ 5 000		Mortgage on buildings		
Buildings	$20 000	$36 000	(due 1982)	$ 5 000	$ 7 000
Goodwill	$ 5 000	$ 5 000			$41 000
		$41 000			

The owner's equity in the business at 30th June, 1977 was

1. $ 1 000
2. $34 000
3. $36 000
4. $41 000

R37

An example of a long term liability would be

1. goodwill.
2. mortgage.
3. creditors.
4. debtors.

R38

B Cassidy has invested in this business

1. $ 1 000
2. $ 2 000
3. $ 9 000
4. $33 000

R39

People who have not paid for goods bought on credit from Mr. Cassidy appear in the balance sheet as

1. owner's equity.
2. capital.
3. creditors.
4. debtors.

R40

Questions to (R41 to R43) refer to the Balance Sheet below.

BALANCE SHEET OF R. BROWN
AS AT 31ST NOVEMBER 1978

Proprietorship			**Fixed Assets**		
Capital	$20 000		Land	$15 000	
Net Profit	$ 8 000	$28 000	Motor Vehicles	$ 2 000	$17 000
Current Liabilities			**Current Assets**		
Sundry Creditors	$ 2 000	$ 2 000	Bank	$ 6 000	
			Sundry Debtors	$ 7 000	
					$13 000
		$30 000			$30 000

Owner's equity as at 31st November, 1978 is

1. $ 8 000
2. $20 000
3. $28 000
4. $30 000

R41

R. Brown's business buys $2 000 worth of stock on credit. The change that would occur in the balance sheet is

1. current assets and current liabilities each increase by $2 000.
2. propietorship and fixed assets each increase by $2 000.
3. sundry debtors increase by $2 000.
4. no change occurs.

R42

Owner's equity is assets

1. minus external liabilities.
2. minus internal liabilities.
3. plus current liabilities.
4. plus proprietorship.

R43

Questions to (R44 to R47) refer to the stimulus material shown below.

ASSETS AND LIABILITIES OF A. JOHNS AS AT 30TH JUNE 1976

Capital 1/7/76	$12 000
Net Profit	$ 3 000
Drawings of A. JOHNS	$ 5 000
Sundry Creditors	$10 000
Furniture	$ 1 000
Motor Vehicles	$ 2 000
Land/Buildings	$10 000
Sundry Debtors	$ 4 000
Stock	$ 2 000
Cash at Bank	$ 1 000

The owner's equity in the above business is

1. $ 2 000
2. $ 7 000
3. $10 000
4. $15 000

R44

Sundry debtors are people or businesses

1. who must have shares in the firm of A. Johns.
2. who owe money to A. Johns.
3. to whom A. Johns owes money.
4. from whom A. Johns has purchased goods on credit.

R45

The ratio between current assets and current liabilities is

1. 4 : 10
2. 5 : 10
3. 6 : 10
4. 7 : 10

R46

The value of fixed assets is

1. $ 3 000
2. $10 000
3. $13 000
4. $25 000

R47

Questions and (R48 and R49) refer to the lists below.

A	B
Sundry Debtors	Mortgage
Stock	Sundry Creditors
Premises	Bank Overdraft
Motor Vehicles	Loan from R. Thompson

The items listed in column A are generally classified as

1. assets.
2. liabilities.
3. proprietorship.
4. revenue.

R48

The items listed in column B are generally classified as

1. assets.
2. liabilities.
3. proprietorship.
4. revenue.

R49

A liability is best defined as the

1. amount owed by a business.
2. amount paid by a business to another.
3. balance from the revenue statement.
4. total sundry debtors of the business.

R50

To determine the financial position of a firm the best place to look would be in the

1. capital account.
2. trading account.
3. cash account.
4. balance sheet.

R51

Having a much greater level of current liabilities to current assets means that the business

1. could experience difficulties in paying its immediate debts.
2. is now bankrupt because it cannot pay its debts.
3. has no debt problem because there are adequate funds.
4. must ask shareholders for more funds.

R52

Drawings of a firm are used by the owners

1. as personal funds for their own use.
2. as money to purchase new assets.
3. to pay wages of employees.
4. when the business pays back its creditors.

R53

A Financial Statement which would be presented to the shareholders at an annual general meeting would include a

1. cash book.
2. balance sheet.
3. general journal.
4. bank statement.

R54

In a balance sheet, a bank overdraft is normally classified as a

1. current asset.
2. fixed asset.
3. current liability.
4. long term liability.

R55

THERE IS NO QUESTION R56

A balance sheet is used to

1. record a business's assets and liabilities.
2. calculate a firm's gross profit.
3. inform shareholders of total company expenditure.
4. calculate a firm's net profit.

R57

Questions and (R58 and R59) refer to the information below.

> **A firm's balance sheet shows current assets $20 000, fixed assets $12 000, long term liabilities $10 000 and current liabilities $8 000.**

The share owned by the proprietor is

1. $12 000
2. $14 000
3. $18 000
4. $32 000

R58

The firm's working capital is

1. $ 8 000
2. $12 000
3. $14 000
4. $32 000

R59

J. Smith Pty. Ltd. buys a motor vehicle for cash from Motor Traders Ltd. In the firm's books, this transaction would show as an increase in the value of motor vehicle assets and a decrease in the value of

1. sundry creditors.
2. sundry debtors.
3. cash.
4. proprietorship.

R60

If a business has total assets of $30 000, current liabilities of $4 000, long term liabilities of $10 000; then the owner's equity is

1. $ 4 000
2. $14 000
3. $16 000
4. $30 000

R61

Drawings of cash from a business would normally decrease

1. owner's equity.
2. stock.
3. fixed assets.
4. net profit.

R62

An accountant of a transport company would classify a delivery truck as a

1. current liability.
2. long-term liability.
3. current asset.
4. fixed asset.

R63

J. Smith sells his business for $100 000. However, its asset value is only $45 000. The extra $55 000 received for the business is termed

1. net profit.
2. goodwill.
3. inflation.
4. undistributed profit.

R64

A depreciation provision made by a business is provision for

1. retiring employees.
2. replacement of equipment.
3. unsold stock.
4. the rising cost of imports.

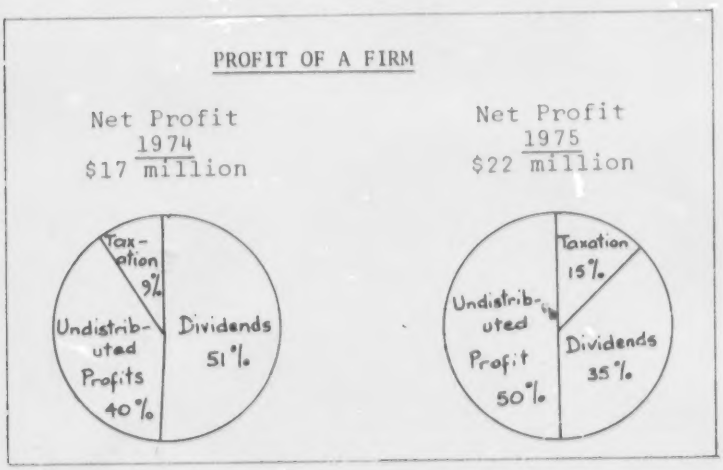
R65

The effect of a firm deciding to write off 20% depreciation on a motor vehicle valued at $10 000 would be to

1. increase profit by $2000.
2. reduce profit by $2000.
3. provide a sum of money towards replacing the vehicle.
4. increase the value of assets.

R66

Questions to (R67 to R69) refer to the information below.



The percentage of the firm's profit payable to dividends from 1974 to 1975 has

1. increased by 10%.
2. decreased by 16%.
3. increased by 35%.
4. decreased by 51%.

R67

The tax paid on profit by the firm is called

1. PAYE taxation.
2. company taxation.
3. stamp duty.
4. payroll tax.

R68

The most likely reason for the firm retaining a greater share of profit would be

1. that the number of employees has increased.
2. to compensate for government subsidies.
3. to finance its own expansion.
4. that prices of its major raw materials have fallen.

R69

Questions to (R70 to R72) are based on the following details of the Riverside Football Club for January 1977.

January	1	Credit Balance brought forward from December	$25
	2	Membership fees received	$25
	4	Payment for raffle prize	$10
	6	Proceeds of raffle	$20
	20	Payment for drinks	$ 5
	21	Proceeds from sale of drinks	$ 8
	26	Donation from Sports Pty. Ltd	$12
	27	Payment for club decorations	$15

The club's cash balance at the 30th January was

1. $60 credit.
2. $60 debit.
3. $10 credit.
4. $10 debit.

R70

The financial details listed above would be recorded in the club's

1. cash book.
2. trading account.
3. profit and loss account.
4. balance sheet.

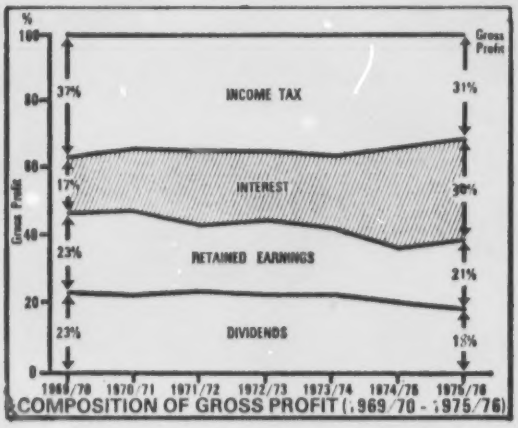
R71

A treasurer would normally obtain details of payments from

1. copies of receipts.
2. cheque butts.
3. bank statements.
4. invoices.

R72

Questions to (R73 to R75) refer to the table below.



In 1975/76 the largest component of profit was

1. income tax.
2. interest.
3. retained earnings.
4. dividends.

R73

In 1975/76, after declaration of dividend, the percentage of gross profit which could be used for re-investment purposes was

1. 18%.
2. 21%.
3. 39%.
4. 61%.

R74

The cost of external borrowing as a component of profit would have been greatest in

1. 1969/70.
2. 1971/72.
3. 1973/74.
4. 1974/75.

R75

Questions to (R76 to R79) refer to the diagrams below.

AUSTRALIAN SHIPPING COMMISSION

TOTAL FUNDS APPLIED		TOTAL FUNDS AVAILABLE	
72.06%	Purchase of ships and ships under construction	49.20%	Australian currency loans received
9.29%	Increase in Cash at Bank	34.41%	Foreign currency loans received
7.00%	Purchase of buildings. Plant and Equipment	9.71%	Funds from Operations
6.16%	Increase in Debtors	4.45%	Increase in Creditors
5.24%	Foreign Currency loans repaid	1.61%	Decrease in Voyages in Progress
0.24%	Increase in stock on hand	0.62%	Sale of Assets
0.01%	Increase in tangible assets		

Source: AUSTRALIAN SHIPPING COMMISSION ANNUAL REPORT 1976

During 1976, the major source of funds for the Australian Shipping Commission was

1. funds from operations.
2. Australian currency loans.
3. foreign currency loans.
4. the purchase of ships and ships under construction.

R76

The importance of capital formation, to the Shipping Commission, can be seen by the amount of funds applied to

1. foreign currency loans.
2. Australian currency loans.
3. increase in cash at bank.
4. purchase of ships and ships under construction.

R77

If the Shipping Commission sold 2 ships during 1976, this would appear under

1. sale of assets.
2. decrease in voyages in progress.
3. increase in creditors.
4. funds from operations.

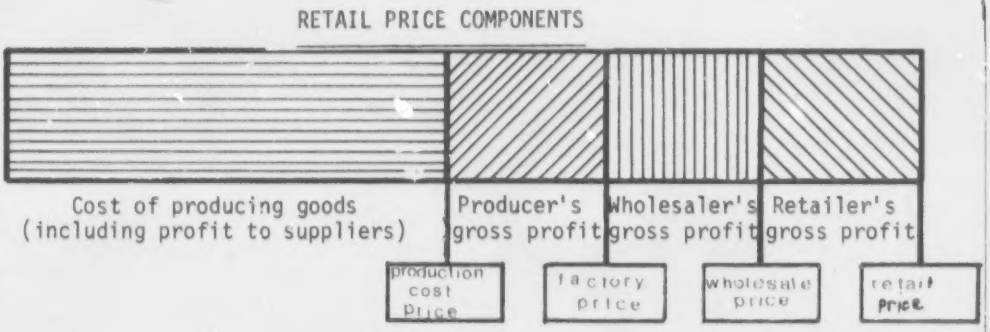
R78

The goodwill and past reputation which shipping companies rely on could be classified as

1. intangible assets.
2. foreign currency loans.
3. voyages in progress.
4. purchase of ships.

R79

Question (R80) is based on the diagram below.



If the total bar represents the total retail price of an article, the divisions reading from left to right show how the total price increases as the product moves from the producer to final consumer.

NOTE: The relative proportion added at each stage varies greatly from industry to item.

The above diagram shows that the wholesale price is

1. production cost price plus factory price.
2. cost of producing goods plus producer's gross profit.
3. retail price less wholesaler's gross profit.
4. factory price plus wholesaler's gross profit.

R80

Questions to (R81 to R85) refer to the information below.

TOTAL'S PROFIT SLUMPS 75 PC

Total Holdings (Australia) Pty. Ltd. suffered a 75.2 per cent slump in net profit in 1976.

This was disclosed yesterday in the French-owned group's annual report for the year ended December 31.

It showed that despite a 23.5 per cent improvement in revenue from $100.5 million to $124.1 million, net earnings fell from $2.33 million to $578,000.

Directors said revenue for the year would have been significantly greater "but for the very serious supply situation which pertained in the last quarter of the year".

The situation which arose from industrial action and affected Total's Matraville refinery - as well as most other refineries in Australia - was compounded by technical breakdowns and led to product shortages throughout the Eastern States.

As a result, the group was unable to process a large proportion of its Australian crude oil. The greatest proportion of high-cost imported crude and motor spirits which had to be used resulted in higher costs of sales and reduced margins and profits, directors said.

The accounts show that the group's cost of sales jumped by nearly 46 per cent, from $34.9 million to $50.6 million, during the latest years.

The Prices Justification Tribunal has granted the group an interim price increase in respect of substantial domestic cost increases suffered during 1976, and to cover imported crude oil costs increased by devaluation. ....

This reflects the group's continued policy of divesting itself of unprofitable service stations. In all, 19 service stations and six blocks of land, realising $2.1 million, were sold.

Total's profit slumped <u>mainly</u> because of

1. technical breakdowns.
2. a fall in revenue.
3. industrial action.
4. raw materials shortages.

R81

In 1976 Total realised

1. a net earnings fall of $100.5m.
2. earnings of $2.1m from the sale of fixed assets.
3. an increase in sales of 46%.
4. a level of revenue of $578 000.

R82

Higher costs were <u>mainly</u> a result of

1. greater use of high cost domestic crude oil.
2. greater use of high cost imported crude oil.
3. its inability to process all crude oil.
4. unprofitable service stations.

R83

The increase in the cost of sales has resulted in

1. profit decrease.
2. product shortage.
3. raw materials shortages.
4. industrial disputes.

R84

Total Holdings Pty. Ltd. is

1. a member of the Prices Justification Tribunal.
2. a multinational corporation.
3. an international monetary financier.
4. a member of OPEC (petroleum exporters).

R85

If a firm were to keep the same motor vehicles for more than one year, then their book value, as shown in the balance sheet for the second year would most likely be

1. less because of appreciation.
2. more because of inflation.
3. less because of depreciation.
4. more because of appreciation.

R86

On 1st March, a firm pays insurance worth $6 000 for the year. Four months later, final accounting reports are prepared. The firm's balance sheet should show

1. profit has decreased by $6 000.
2. no change in profit.
3. insurance accrued $4 000.
4. insurance prepaid $4 000.

R87

TRADE

Question No.	Answer	Question No.	Answer
T1	4	T41	3
T2	3	T42	3
T3	2	T43	3
T4	2	T44	4
T5	3	T45	4
T6	3	T46	2
T7	4	T47	3
T8	2	T48	1
T9	2	T49	2
T10	2	T50	4
T11	4	T51	3
T12	3	T52	2
T13	3	T53	1
T14	2	T54	3
T15	3	T55	3
T16	4	T56	4
T17	3	T57	3
T18	2	T58	1
T19	3	T59	2
T20	1	T60	2
T21	3	T61	4
T22	2	T62	3
T23	4	T63	2
T24	3	T64	4
T25	1	T65	2
T26	3	T66	3
T27	3	T67	2
T28	3	T68	4
T29	2	T69	3
T30	3	T70	1
T31	2	T71	2
T32	4	T72	4
T33	2	T73	2
T34	1	T74	1
T35	4	T75	2
T36	1	T76	2
T37	3	T77	3
T38	2	T78	1
T39	3	T79	3
T40	4	T80	2

TRADE

GENERAL INTRODUCTION	T1 - T4
PROTECTION	T5 - T20
EXCHANGE RATES	T21 - T27
BALANCE OF PAYMENTS	T28 - T61
PATTERN AND DIRECTION	T62 - T80

An example of internal trade is the

1. production of a motor car in Japan.
2. purchase of a Japanese car by an Australian dealer.
3. transport of an imported car to Australia.
4. sale of an imported car by an Australian dealer.

T1

The sending by the Australian Government of an Agricultural Advisor to India, is an example of external

1. investment.
2. exchange.
3. aid.
4. control.

T2

A government sponsored export drive would

1. increase the price of our exports.
2. improve our balance of trade.
3. worsen our balance of trade.
4. increase our level of foreign aid.

T3

The use of containers in transportation has

1. increased freight handling costs.
2. reduced the number of transport workers needed.
3. increased the use of manual labour.
4. reduced the amount of cargo that can be handled.

T4

A tariff is

1. the price of imported goods.
2. the price of exported goods.
3. a duty levied on imported goods.
4. a duty levied on exported goods.

T5

Questions to (T6 to T9) refer to the information below.

THE HIGH COST OF PROTECTION

The Federal Government is about to issue new instructions to the Industries Assistance Commission to keep Australia's tariff policy rolling in the direction of higher protection.

The tariff is in many senses no more and no less than a tax and there is generally no problem in understanding how taxes work. Import quotas, too, have a similar effect.

How many people remember that the much-maligned IAC draft report ontextiles, clothing and footwear estimated the cost in 1975-76 of protection measures in terms of subsidy per person employed in the industries was, on average, $3800 for textiles, $4700 for clothing and $5600 for footwear and much higher for the more inefficient parts of these industries?

The community, through the Government, could afford to pay very generous retraining allowances to persons in these industries laid off because of tariff changes. At the same time, it would benefit from lower prices.

Because they lead to higher prices, increased tariffs, or smaller import quotas reduce the demand for products.

As a result, the industry shrinks further and finds it even harder to spread its costs over its production run. So it goes back to the Government for more protection and/or lays off some staff.

Whatever the Government may achieve in the short term through high tariff policies, economic forces take an inevitable toll in the long run. The community would be better served by the Government jettisoning policies which are clearly inflationary and introducing a comprehensive structural adjustment scheme to cushion the effect of economic change on its unemployed victims.

Sydney Morning Herald, 3rd September, 1977.

The Federal Government is expected to advise the IAC to

1. reduce tariffs.
2. abolish tariffs.
3. increase tariffs.
4. stabilise tariffs.

T6

An increase in tariffs has a similar effect to a reduction in

1. income taxation.
2. sales taxes.
3. customs duties.
4. an import quota.

T7

An increase in protection measures to domestic producers has a similar effect as an increase in

1. sales taxes.
2. subsidies.
3. imports.
4. income taxes.

T8

In the article, the author suggests to

1. increase protection and reduce retraining schemes.
2. increase retraining schemes and reduce protection.
3. reduce protection and reduce retraining schemes.
4. increase retraining schemes and increase protection.

T9

Higher tariffs

1. increase immediate spending.
2. reduce spending on imported goods.
3. reduce long-term spending on protected goods.
4. will not influence spending.

T10

The Australian consumer is disadvantaged by tariffs because

1. he has a wider choice of goods.
2. imports become cheaper.
3. domestic production declines.
4. imports become dearer

T11

An increase in tariffs would

1. decrease the price of imported goods.
2. decrease the price of exported goods.
3. increase the price of imported goods.
4. increase the volume of imported goods.

T12

Tariffs levied in Australia are paid to

1. importers.
2. exporters.
3. the Australian Government.
4. overseas governments.

T13

A tariff is normally paid

1. to the government on goods being exported.
2. to the government on goods being imported.
3. by the government on goods being imported.
4. by the government on goods being exported.

T14

The use of tariffs as a form of protection can be economically justified when they are used to

1. raise revenue for the government.
2. protect inefficient industries.
3. protect infant industries.
4. raise the price of imports to preserve our overseas reserves.

T15

A subsidy is a

1. sales tax
2. tax imposed on imported goods.
3. payment to assist pensioners.
4. payment to assist industry.

T16

The imposition of an import quota directly

1. increases the price of imports.
2. increases the number of imports.
3. reduces the number of imports.
4. reduces the price of imports.

T17

To increase the level of imports the government would

1. increase the level of tariff protection.
2. reduce the level of tariff protection.
3. devalue the Australian dollar.
4. introduce import quotas.

T18

An official restriction in the volume of imports of a good may be achieved by

1. subsidy.
2. bounty.
3. quota.
4. excise.

T19

An embargo

1. prevents the import of certain goods
2. prevents the export of certain goods.
3. is a tax on imports.
4. is a tax on exports.

T20

The exchange rate between country A and country B is such that $A1 exchanges for $B3. A good costing $A2.50 would cost

1. $2.50 in country B.
2. $5.50 in country B.
3. $7.50 in country B.
4. $8.50 in country B.

T21

If Australia's currency was devalued this would lead directly to

1. cheaper imports.
2. dearer imports.
3. dearer exports.
4. decreased exports.

T22

Questions to (T23 to T26) refer to the newspaper article below.

THE LEADS AND LAGS IN DEVALUATION

According to textbook economic theory, devaluation should:

Lift export volumes and income in terms of Australian dollars.

Increase the $A cost of imports and so reduce their volume.

Stimulate local industries producing goods which are replacing imports or selling on export markets.

Lift the level of overseas reserves, through the initial devaluation effect, the longer term improvement in trade surpluses and an inflow of capital with the removal of uncertainties over the dollar's value.

Deter overseas travel by Australians, but encourage overseas visitors by making their pound, dollar, yen or lira go further.

Some of these effects were immediate; others are taking a while to filter through. The impact of the currency change has lessened as the original 17.5 per cent devaluation has shrunk to 12.2 per cent in terms of the "peg" against the basket of overseas currencies and to 10.4 per cent in terms of the US dollar.

The Government expects that devaluation will add at least 3 per cent to the Consumer Price Index. It accounted for only 0.4 per cent of the March quarter rise of 2.3 per cent in the CPI - largely because of a stock build up before devaluation.

A net $248 million outflow of capital from Australia in the five months before devaluation has been replaced by a $1032 million inflow in the five months since the move.

by J.N. Pierce. SYDNEY MORNING HERALD.

Six months after the devaluation the effects have been

1. widespread and immediate.
2. widespread and slow.
3. insignificant.
4. sometimes immediate and sometimes slow.

T23

According to the textbook economic theory devaluation should

1. increase total imports.
2. decrease income from exports.
3. increase overseas reserves.
4. decrease travel to Australia by visitors.

T24

The effect of devaluation on the March quarter was

1. small because of stock buildup.
2. large because of stock buildup.
3. small because of sales of non-durable goods.
4. large because of sales of non-durable goods.

T25

The increase in overseas reserves has been mainly due to the

1. increase in export income.
2. decrease in imports.
3. increase in overseas investment.
4. decrease in Australian tourists abroad.

T26

A devaluation of the Australian dollar would

1. decrease exports.
2. increase imports.
3. increase the price of imports.
4. decrease overseas reserves.

T27

A country's balance of trade is the difference for a period between the money value of its

1. exports and imports of capital.
2. credits and debits
3. exports and imports of goods.
4. exports and imports of services.

T28

In the Balance of Payments shipping freight costs are

1. visible items.
2. invisible items.
3. net capital inflow.
4. goods and services.

T29

Questions to (T30 to T37) refer to the information below.

AUSTRALIA'S BALANCE OF PAYMENT

($ millions)

	1971/72	1975/76
Total Exports	4740	9343
Total Imports	3791	7891
	949	1452
Net Invisibles	-1263	-2292
Balance of Current Account	- 314	- 840
Capital Account	1788	- 180
Net Monetary Movement	1474	-1020

Questions to (T30 to T35) refer to 1975/76 figures only.

The Balance of Trade in 1975/76 was

1. -$840m.
2. -$1020m.
3. +$1452m.
4. +$9343m.

T30

The Balance of Payments in 1975/76 was

1. -$840m.
2. -$1020m.
3. +$1452m.
4. +$9343m.

T31

If an overseas firm invested $20 m. in an Australian enterprise this would be included in

1. imports.
2. net invisibles.
3. balance on current account.
4. capital account.

T32

The item which would be in net invisibles is

1. glassware imports.
2. freight costs.
3. excise duty.
4. portfolio investment.

T33

The amount shown on the Capital Account for 1975/76 indicates that

1. more capital left Australia than entered Australia.
2. more capital entered Australia than left Australia.
3. the Balance of Trade was positive.
4. the Balance of Trade was negative.

T34

Australia's holdings of overseas reserves during 1975/76

1. rose by $1452m.
2. fell by $1452m.
3. rose by $1020m.
4. fell by $1020m.

T35

Questions and (T36 and T37) refer to 1971/72 and 1975/76 figures

The Australian Balance of Trade in 1975/76 when compared to the Balance of Trade in 1971/72 had

1. risen by $503m.
2. fallen by $503m.
3. risen by $2494m.
4. fallen by $2494m.

T36

The major reason for the change in the Balance of Payments in 1975/76 when compared with 1971/72 was the decrease in

1. imports.
2. net invisibles.
3. capital inflow.
4. net monetary movements.

T37

Questions to (T38 to T40) refer to the information below.

Given the Balance of Payment for 1977 as	
Visible Exports	$4000m
Visible Imports	$3000m
Invisible Exports	$2000m
Invisible Imports	$8000m
Capital Out Flow	$ 50m
Net Monetary Movement	$ 950m

The Balance of Trade in 1977 is

1. -$1000m.
2. +$1000m.
3. -$5000m.
4. +$5000m.

T38

The amount of Capital Inflow for 1977 would be

1. $950m.
2. $5050m.
3. $6000m.
4. $8000m.

T39

If the American Co. of U.S.A. wishes to invest in Australia's mineral resources, this would be recorded in Australia's Balance of Payments as a

1. debit in the Capital Account.
2. credit in the Current Account.
3. debit in the Current Account
4. credit in the Capital Account.

T40

To improve its balance of trade a country could

1. decrease quotas.
2. increase imports.
3. increase exports.
4. decrease exports.

T41

Question to (T42 to T44) refer to the information below.

FOREIGN INVESTMENT FLOOD (1976-77)

CANBERRA - A flood foreign investment into Australia resulted in a net inflow of $397 million in the March quarter. It followed another large net inflow of $291 million in the December quarter of which the bulk apparently came in the wake of the November devaluation of the dollar, the September quarter showed a net outflow of $121 million.

This contrasts markedly with 1975-76 when the net inflow for the full year was only $122 million, but is more in line with 1974-75 when the net inflow for the full year was $657 million.

The overall net inflow of foreign investment for the first nine months of 1976-77 was

1. $121 million.
2. $291 million.
3. $567 million.
4. $688 million.

T42

If the balance on current account for 1975-76 was -$396 million then the value of Australia's net monetary movements for the financial year ended 1975-76 was

1. -$518 million.
2. -$396 million.
3. -$274 million.
4. +$122 million.

T43

The change in the net capital inflow for the first three quarters of 1976 was most likely due to

1. foreign investment by Australia.
2. exports of goods to Japan.
3. devaluation of British sterling.
4. devaluation of Australian dollars.

T44

Questions to (T45 to T47) refer to the information below.

Newspaper Extract, June 1977

Australia's cumulative balance of trade surplus for the first 11 months of this financial year has reached $1106 million - $69 million less than for the same period of 1975-76.

Figures released yesterday showed a surplus of $37 million for last month, compared with a $58 million surplus for May, 1976.

Exports during May were valued at $1016 million, against imports of $979 million.

Seasonally adjusted, exports declined during May by 3.6 per cent and imports dropped by 6 per cent.

For the 11 month period exports were worth $10 580 million and imports $9474 million.

The cumulative balance of trade surplus for the first 11 months of the 1975/76 financial year was

1. $1016 million.
2. $1037 million.
3. $1106 million.
4. $1175 million.

T45

The balance of trade surplus for May 1977 compared to the surplus for May 1976 has

1. increased by $21 million.
2. decreased by $21 million.
3. increased by $69 million,
4. decreased by $69 million.

T46

The seasonally adjusted figures for May 1977 indicate that

1. exports declined more than imports.
2. exports increased more than imports.
3. imports declined more than exports.
4. imports increased more than exports.

T47

The balance of payments on current account, can be calculated by adding to the balance of trade

1. net invisible items.
2. overseas investment in Australia.
3. net monetary movement.
4. net capital inflow.

T48

The main source of overseas investment funds into Australia since 1970 has been

1. Japan.
2. U.S.A.
3. U.K.
4. E.E.C.

T49

An increase in Australia's overseas reserves is likely to follow a

1. lifting of trade embargoes.
2. decrease in the level of tariffs.
3. decrease in bounties.
4. devaluation in the Australian dollar.

T50

Overseas funds invested on the stock exchange in Australia are called

1. debentures.
2. direct investments.
3. portfolio investments.
4. unsecured notes.

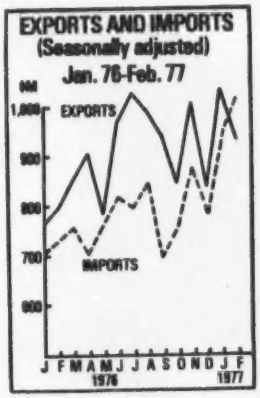
T51

The balance of trade is negative when the

1. value of exports exceed imports.
2. value of imports exceed exports.
3. price of imports exceeds the price of exports.
4. price of exports exceeds the price of imports.

T52

Questions and (T53 and T54) refer to the graph below.



The situation in February 1977 could be best described as a/an

1. Balance of Trade deficit.
2. Balance of Trade surplus.
3. exchange rate surplus.
4. exchange rate deficit.

T53

The month in which the trade surplus was greatest was

1. January 1976.
2. March 1976.
3. September 1976.
4. February 1977.

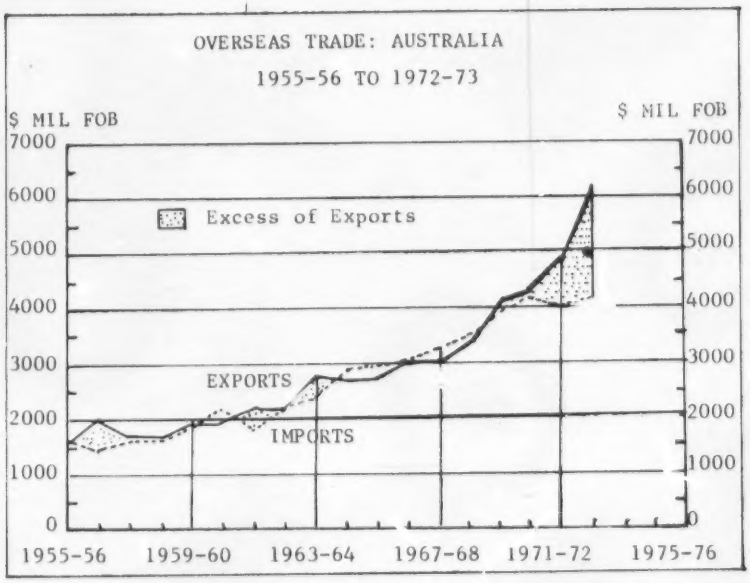
T54

In the last 12 months, Australian exports of goods were $2500m while imports of goods were $2000m. This indicates that Australia had a

1. positive Balance of Payments of $500m.
2. negative Balance of Payments of $500m.
3. positive Balance of Trade of $500m.
4. negative Balance of Trade of $500m.

T55

Questions and (T56 and T57) refer to the graph shown below.



Australia had a positive balance of trade in

1. 1960/1961
2. 1965/1966
3. 1967/1968
4. 1971/1972

T56

Australia had a negative balance of trade in

1. 1956/1957
2. 1963/1964
3. 1965/1966
4. 1970/1971

T57

The Balance of Payments on Current Account differs from the Balance of Trade by the inclusion of

1. invisible items.
2. capital items.
3. invisible and capital items.
4. goods and services.

T58

The difference between the Balance of Trade and the Balance on Current Account represents

1. net capital inflow.
2. net invisibles.
3. net monetary movements.
4. balance of payments on capital account.

T59

Questions and (T60 and T61) refer to the information below

ITEM		COST
Cost of car in Japan	....	$2000
Cost of Freight from Japanese Factory to Wharf in Japan	....	$ 50
Cost of Freight to Australia By Ship to Australian Wharf	....	$ 100
Cost of Ship Freight Insurance	....	$ 60

F.O.B. value of the car is

1. $2000
2. $2050
3. $2060
4. $2150

T60

C.I.F. value of the car is

1. $2000
2. $2050
3. $2160
4. $2210

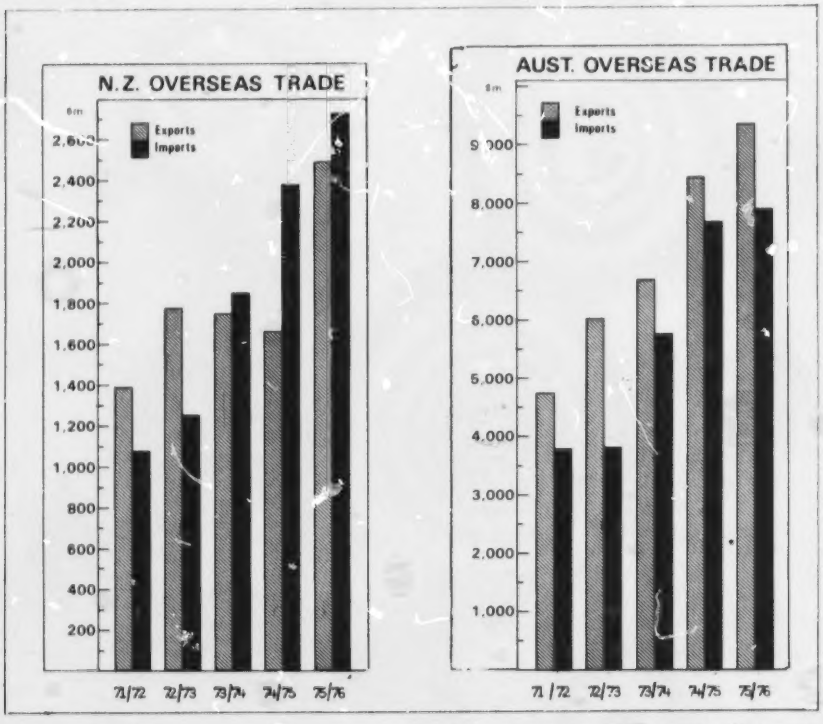
T61

A possible reason for the growth of mineral exports could be

1. an increase in Australia's population.
2. more land given to the rural sector.
3. the inflow of foreign capital in the mining sector.
4. discovery of minerals overseas.

T62

Questions to (T63 to T65) refer to the graphs below.



Bank of NSW Review Oct. '76.

Over the period shown in the graphs, the balance of trade

1. was unfavourable for Australia.
2. was more favourable for Australia than for New Zealand.
3. changed from unfavourable to favourable for New Zealand.
4. was favourable for both Australia and New Zealand.

T63

New Zealand's greatest balance of trade surplus, was for the year

1. 1975-76
2. 1974-75
3. 1973-74
4. 1972-73

T6[illegible]

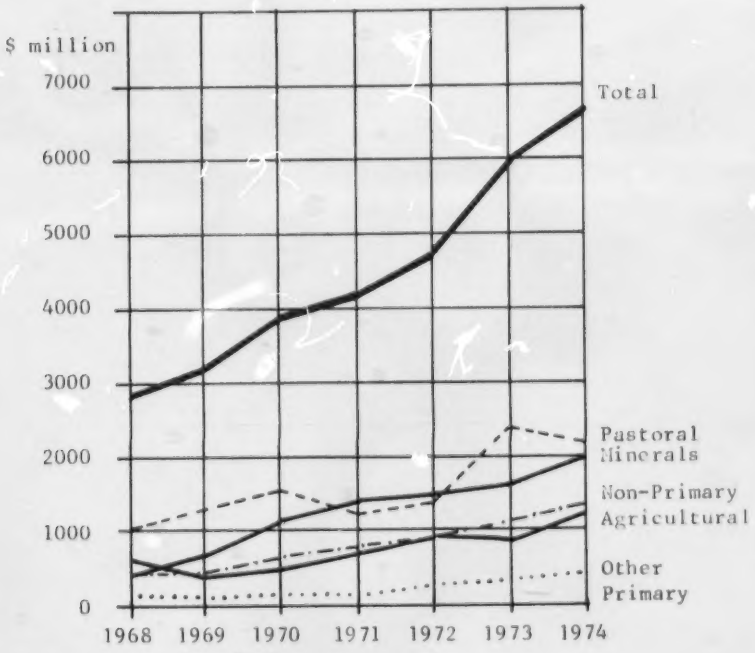
The negative (unfavourable) balance of trade in 1975-76 would not be improved by

1. an inflow of foreign capital.
2. an outflow of domestic capital.
3. a decrease in import prices.
4. devaluation of New Zealand's currency.

T65

Questions and (T66 and T67) refer to the graph below.

AUSTRALIAN EXPORTS 1968-1974



The percentage of total exports represented by mineral exports in 1974 is approximately

1. 10%
2. 20%
3. 30%
4. 50%

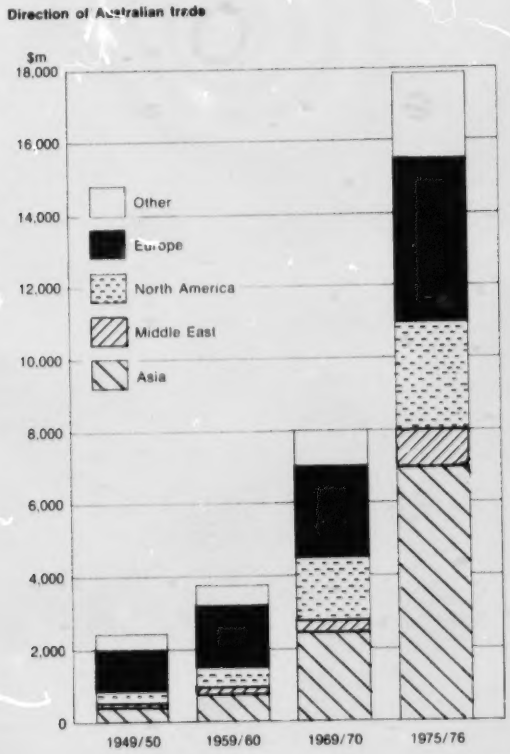
T66

The component of exports which had the greatest percentage increase between 1968 and 1974 was

1. pastoral.
2. mineral.
3. non primary.
4. agriculture.

T67

Questions to (T68 to T70) refer to the graph below.



During 1975/1976 Australia's major trading overseas areas were

1. Europe.
2. North America.
3. Middle East.
4. Asia.

T68

From 1969/1970 to 1975/1976, the value of Australia's overseas trade increased by approximately

1. $4000m.
2. $8000m.
3. $10 000m.
4. $18 000m.

T69

A reason for the change in the value of Australia's trade with the Middle East from 1949/1950 to 1975/1976 is likely to be

1. increased payments for Middle East oil.
2. a decrease in freight costs to the Middle East.
3. increased Australian investment in the Middle East.
4. a decrease in Australian import quotas.

T70

In the post-war period in Australia, the trend has been for trade with

1. Britain to increase.
2. China to increase.
3. Japan to decrease.
4. New Zealand to decrease.

T71

During the last 10 years our major overseas market for exports has been

1. Britain who replaced Japan.
2. Japan who replaced the United States.
3. the United States who replaced Japan.
4. Japan who replaced Britain.

T72

Questions to (T73 to T76) refer to the table below.

PERCENTAGES OF AUSTRALIA'S OVERSEAS TRADE FOR SELECTED COUNTRIES.

	1952/53		1972/73	
AUSTRALIAN	EXPORTS	IMPORTS	EXPORTS	IMPORTS
U.K.	41%	42%	10%	19%
JAPAN	10%	1%	31%	18%
U.S.A.	7%	17%	12%	21%
N.Z.	3%	1%	5%	3%

In 1972/73 the major importer of Australian goods was

1. U.K.
2. Japan
3. U.S.A.
4. N.Z.

T73

In 1952/53 Australia's major trading partner was

1. U.K.
2. Japan.
3. U.S.A.
4. N.Z.

T74

The country showing the greatest relative increase as an exporter of goods to Australia was

1. U.K.
2. Japan.
3. U.S.A.
4. N.Z.

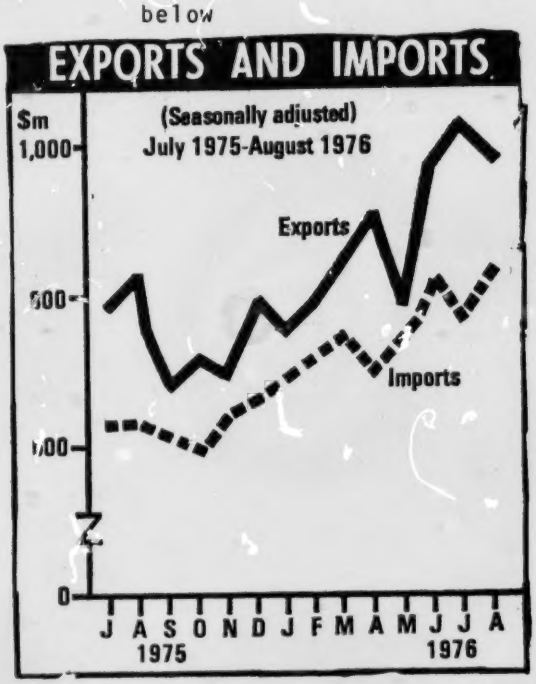
T75

The country showing the greatest relative increase in importance as an importer of Australian goods was

1. U.K.
2. Japan.
3. U.S.A.
4. N.Z.

T76

Questions to (T77 to T80) refer to the graph below



The difference between imports and exports is called the balance

1. of invisibles.
2. on current account.
3. of trade.
4. of payments.

T77

The trade surplus in August 1975 was

1. $200m.
2. $620m.
3. $820m.
4. $1440m.

T78

The diagram shows that our exports every month have

1. always been increasing.
2. always remained stable.
3. fluctuated but gradually increased.
4. fluctuated but declined overall.

T79

Exports in relation to imports have

1. always been less than imports.
2. always been greater than imports.
3. increased when imports have decreased.
4. decreased when imports have decreased.

T80

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D. West, Government Printer, New South Wales – 1979